



Office of the Regulator

Individual Investor Programme (ORiip)

Sixth Annual Report on the
Individual Investor Programme
of the Government of Malta
(1st July 2018 – 30th June 2019)

November 2019

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Foreword by the Regulator

This Report - which is my fourth since my taking up office as Regulator of the Individual Investor Programme in February 2016 and the sixth in its series – is being drawn up in terms of subarticle 8 of Article 25 of the Maltese Citizenship Act, Cap. 188. It covers the period from 1 July 2018 to 30 June 2019.

Unfortunately, the downward trend in applications for Maltese citizenship through the Malta Individual Investor Programme persisted during the period covered by this report in part as a direct consequence of competition from similar CBI Programmes operated by other countries a couple of which saw the light of day during this same period, in part to the consistent and highly inconsiderate bad publicity which has continued to prevail unduly both nationally and internationally towards such Programmes, (particularly and quite unreasonably the Malta Programme), and in part to the attempts made by a number of influential international organisations and institutions to deal a fatal blow to such Programmes based on totally unfounded pretexts and pretensions, (especially those unscrupulously levied at the Malta Programme). In fact, an essential part of this Report – 8 pages in all - has been dedicated to the various hammering Reports prepared by or on behalf of such International Organisations and Institutions in quick succession within a space of a few months (not to say weeks) during the period covered by this Report. Section 4.7 titled “In-Depth Analysis of Reports by International Organisations”, which also embodies the views and reactions of the Regulator in relation to various specific parts of such Reports with direct reference to the Malta Programme, refers. Basically and intrinsically this 8-page write-up analyses these Reports in close relation to the work as performed by the Malta Individual Investor Programme Agency (MIIPA) – which is the Government entity entrusted with the management and running of Malta’s CBI Programme - and the Office of the Regulator – who, in terms of his Letter of Appointment is, *inter alia*, “entrusted with the correct implimentation and monitoring of the Individual Investor Programme as delineated in the responsibilities and functions laid down in Articles 25 and 25A of the Maltese Citizenship Act, Cap. 188”, (vide Appendix ‘A’ to this Report) directly involving the close scrutiny and monitoring of the work performed by the MIIPA in the management and efficient running of Malta’s Programme in conformity with the provisions of the Individual Investor Programme of the Republic of Malta Regulations 2014 [L.N. 47 of 2014]. There is, however, reason to believe that in the next reporting period applications will pick up again to better levels than those evinced during the 2-year period July 2017-June 2019.

I also once again reiterate with utter dismay that none of the fact-finding missions which came over to Malta from both the European Commission and the European Parliament as well as other institutions that have decided to criticize the running of this Programme have ever bothered to request a meeting with the undersigned or any of the members of my Office or seem to have at least carefully studied any of this Office’s past Annual Reports before expressing in one way or another their deep concerns over this Programme **and have to-date continued to do so even after having made this amply clear in my last Report a year ago**. I also once again point out that it has already been spelt out more than once - and now also physically and tangibly put into effect - that the income which the Government is and will be deriving from this Programme will in the coming months and years play an extremely important role in the country’s infrastructural boom as well as its national and social development. This, in itself and in turn, also unequivocally proves the soundness and tangibility of these new citizens’ genuine permanent links to Malta. Indeed, through their IIP contributions, their direct consequential investment in local stocks/ bonds and the purchase or lease of residential property, they are directly contributing - in no small way - towards Malta’s infrastructural development, economic growth, and last but not least its social development and the people’s well-being. In this context it is, therefore, of the utmost importance that

Malta's Programme continues to remain as highly dynamic as possible so that it will not only continue to remain in the forefront from all aspects but will also continue to attract the best applicants from around the world.

As to the Public Consultation process concerning this Programme, the results of which together with their publication and final conclusions have been inordinately delayed in order to await - it so seems - for developments in conjunction with the publication of the then impending Reports referred to above particularly that prepared by the European Commission and ensuing changes which needed to be made to current legislation and/or subsidiary ones, it now appears that all will hopefully be seeing the light of day towards the latter part of the last quarter of 2019. As had already been pointed out in my previous Report, it is envisaged that the implementation of its results will not only serve to enhance this Programme but will also take it to the next higher level. This Office hopes that the proposals and recommendations that it had presented to Government as part of its participation in the afore-mentioned public consultation process will be taken up and implemented in the coming months. It is also further hoped that the few Recommendations that are contained in this Report as are summarized in Section 5 will eventually also be taken up and implemented in the short term both by Government and the MIIPA, as the case may be.

On its part the MIIPA has for the past year also been continuously and actively considering fresh ideas, changes and innovations to the Programme with a view to making it more dynamic, more efficient and more effective in a concerted effort to project Malta's Individual Investor Programme further up the front line in the international arena and to pro-actively promote widespread Government co-operation among the various providers of CBI Programmes world-wide.

In conclusion, I wish to once again acknowledge the input of my staff not only in the preparation and drawing up of this Report but also in its unstinting work and sacrifices throughout the year in an effort to perform their duties to the best of their abilities. My very special thanks go first and foremost to Mr. Jesmond Camilleri (Regulatory Officer) and Ms Graziella Bartolo Pizzuto (Assistant Regulatory Officer) whose total dedication and ongoing support have repeatedly given a truly unique impetus to this Office's forward thrust and rendered my regulatory functions at law more meaningful and worthwhile in a concerted effort to achieve a better scrutiny of the work performed by the MIIPA. My heartfelt thanks also go to Ms Sandra Borg Agius who has been a real inspiration in this Office's proper administration and organization. I would also like to show my gratitude to the MIIPA's topmost personnel, particularly the Chief Executive Officer, Mr Jonathan Cardona, and his immediate supporting Officials, top amongst whom is Ms Monica Farrugia who, together with their entire team, particularly those entrusted with Due Diligence operations, have shown professionalism and utter dedication in their work. Finally, one cannot but positively remark that, as in previous years, day in day out, the MIIPA's open door policy in regard to this Office has been truly appreciated and cannot but be once again highly and openly commended. This has, in turn, strengthened our relationship and proper understanding of our respective functions, roles and innate responsibilities. All this more than augurs well for the future.

Carmel L. De Gabriele
Regulator

10 September 2019

Annual Report on the Individual Investor Programme

as on the 30 June 2019

In fulfilment of the provisions of Article 25(8) of the Maltese Citizenship Act (Cap. 188)

Glossary

CBI	Citizenship by Investment
COE	Council of Europe
CRS	Common Reporting Standards
EC	European Commission
EP	European Parliament
EU	European Union
FIAU	Financial Intelligence Analysis Unit
GDP	Gross Domestic Product
IIP	Individual Investor Programme
IMA	Identity Malta Agency
MIIPA	Malta Individual Investor Programme Agency (including the former Unit within Identity Malta Agency responsible for the Individual Investor Programme)
OECD	Organisation for Economic Co-Operation and Development
ORiip	Office of the Regulator (Individual Investor Programme)
RBI	Residency by Investment
TIGW	Transparency International and Global Witness

1.0 Introduction

This report constitutes the sixth, in a series of annual reports required at law, in order to regulate the Individual Investor Programme, in terms of Article 25(8) of the Maltese Citizenship Act (Cap 188). In line with previous reports, the timeline of this year's annual review will consider the period between 1st July 2018 and 30th June 2019.

Key milestones during the period in question were as follows:

Date	Milestone	Description
1 July 2018	2018 Report	The 2018 Report, covering the period between 1 st July 2017 and 30 th June 2018, starts being compiled.
6 December 2018	Monitoring Committee	The fifth Monitoring Committee convenes. The Committee is set up as per provisions of Article 25B of the Maltese Citizenship Act.
11 December 2018	Report Publication	The ORiip's fifth annual report is laid on the Table of the House of Representatives by the Hon. Chris Fearne on behalf of the Prime Minister.
30 June 2019	2019 Report	The vetting period expires and the ORiip starts preparing for the 2019 Report which will be eventually presented to the Monitoring Committee and tabled in the House of Representatives.

It has to be pointed out that the ORiip and the MIIPA have continued to work closely together, meeting and communicating with each other on a regular basis in order to discuss issues arising as a result of the implementation of the Programme. From its part the ORiip took great care to keep under proper surveillance the processes involved in the evaluation, adjudication and/or rejection of the applications that were processed by the MIIPA during the period covered by this Report.

The basis of this report is similar to previous years' documents:

- Detailed analysis of statistics which were made available by the MIIPA is contained in **Section 2**.
- Themes that were in the public domain (namely either raised in parliament through the submission of parliamentary questions and/or published in the Media) are covered in **Section 3**.

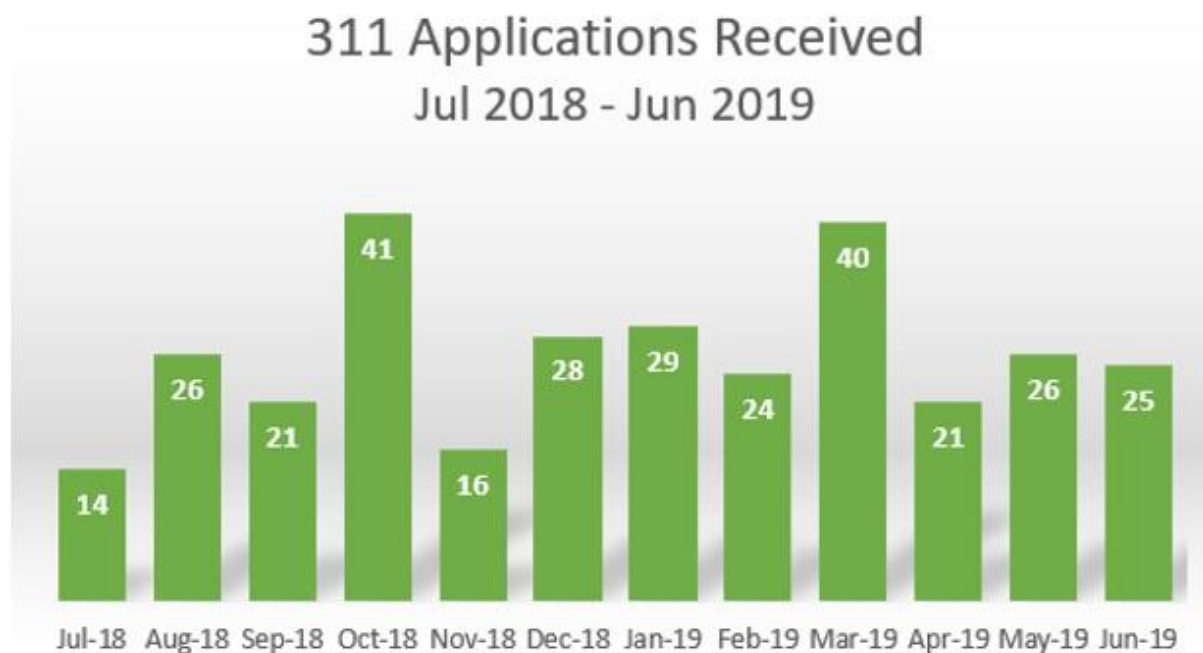
- **Section 4** contains an exhaustive report on activities carried out by this Office in the fulfilment of obligations emanating from the provisions of the IIP regulations, namely the regular vetting of all IIP applications (both those which were approved and those which were refused) and ad hoc initiatives undertaken to address any issues which might have cropped up during the period in question.
- In conclusion **Section 5** lists a number of recommendations based on the ORiip's observations of all afore-mentioned themes.

2.0 Statistical Information

The statistical information contained within this report is deemed to be correct as at 30 June 2019 and is based on data made available to the ORiip by 26 July 2019. Basing itself on previous experience the ORiip notes that IIP statistics are dynamic and therefore are continuously susceptible to variations. In particular, changes may be registered in locality details and/or property prices since IIP applicants/citizens might opt to terminate a lease and start a new one without informing the MIIPA accordingly in good time before the final annual statistics are passed on to the ORiip or at least before the final draft of the report is drawn. This proviso applies both in the case of current data (information listed in this report) and historical data (information pertaining to the period prior to July 2018).

2.1 Applications submitted to the MIIPA

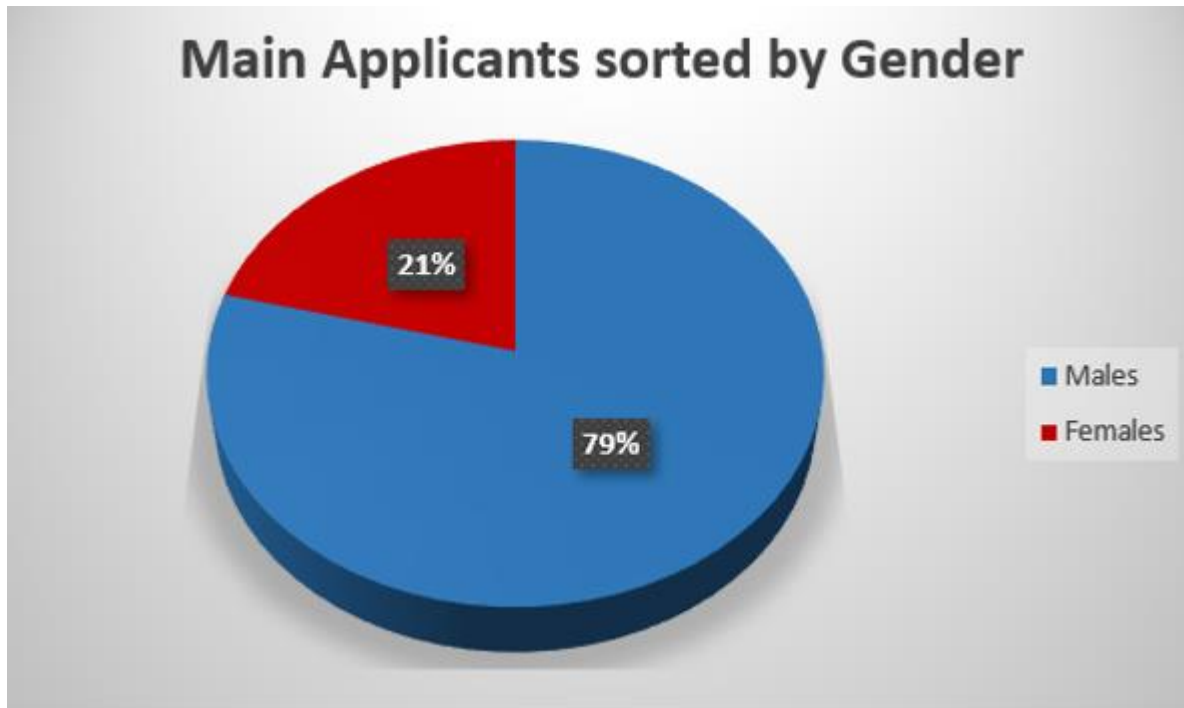
The number of applications received during the period in question amounted to 311, 19 applications less than the previous twelve months (330). The most prolific month was October 2018 when 41 applications were received by the MIIPA, closely followed by March 2019 (40). On the other hand the month with the least applications was July 2018 with only 14 submitted applications.



Taking into consideration the above figures one will note that the total number of applications received by the MIIPA (since the inception of the IIP) as on 30 June 2019 stood at **1742**.

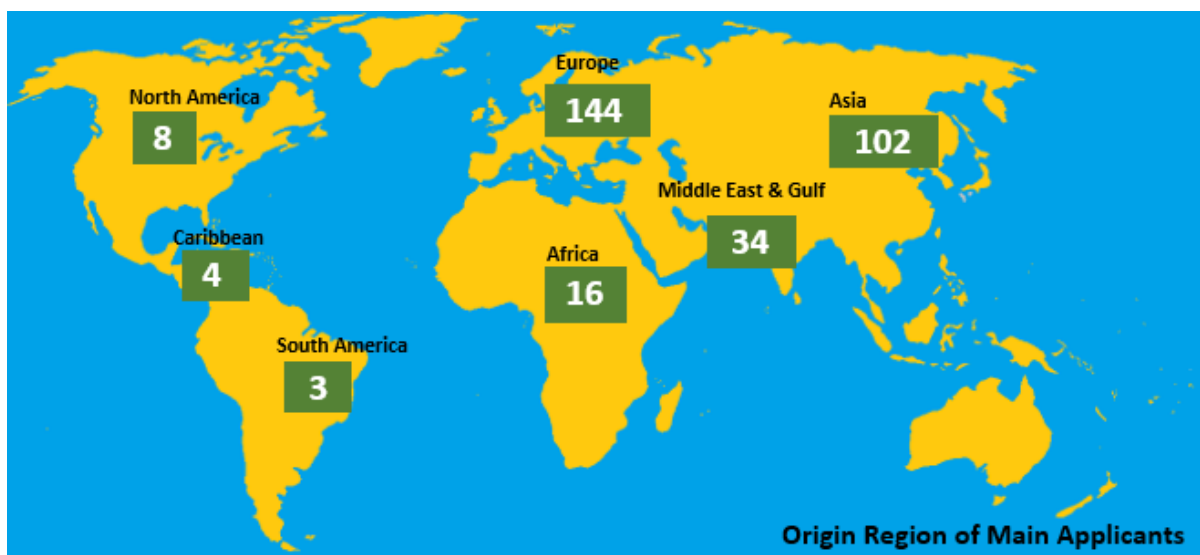
Gender

Similar to previous years, the gender of the main applicants continues to be predominantly male. It is interesting to note that percentages in this respect have remained the same as those registered in the past two annual reports (i.e. 79% of the applicants were males and 21% were females).



Origin

During the present reporting period the applications originated from seven different geographical regions (basing on the main applicants' principal nationality). In the 2018 report there were nine different regions and the difference was due to there being no applicants from Oceania and also due to the Middle East and Gulf regions being amalgamated into one zone (previously separate statistics used to be collated for the two regions – these have now been merged accordingly).



Region	2015 Report	2016 Report	2017 Report	2018 Report	2019 Report
Europe	61.6%	44.5%	44.6%	42.7%	46.3%
Asia	8.6%	15.3%	21.5%	32.4%	32.8%
Middle East and Gulf	14.5%	26.0%	21.7%	9.1%	10.9%
Africa	5.1%	8.0%	5.6%	9.1%	5.1%
North America	9.8%	4.2%	4.8%	4.3%	2.6%
Caribbean	0.0%	1.3%	0.3%	0.3%	1.3%
South America	0.4%	0.5%	1.1%	0.9%	1.0%
Oceania	0.0%	0.2%	0.5%	1.2%	0.0%

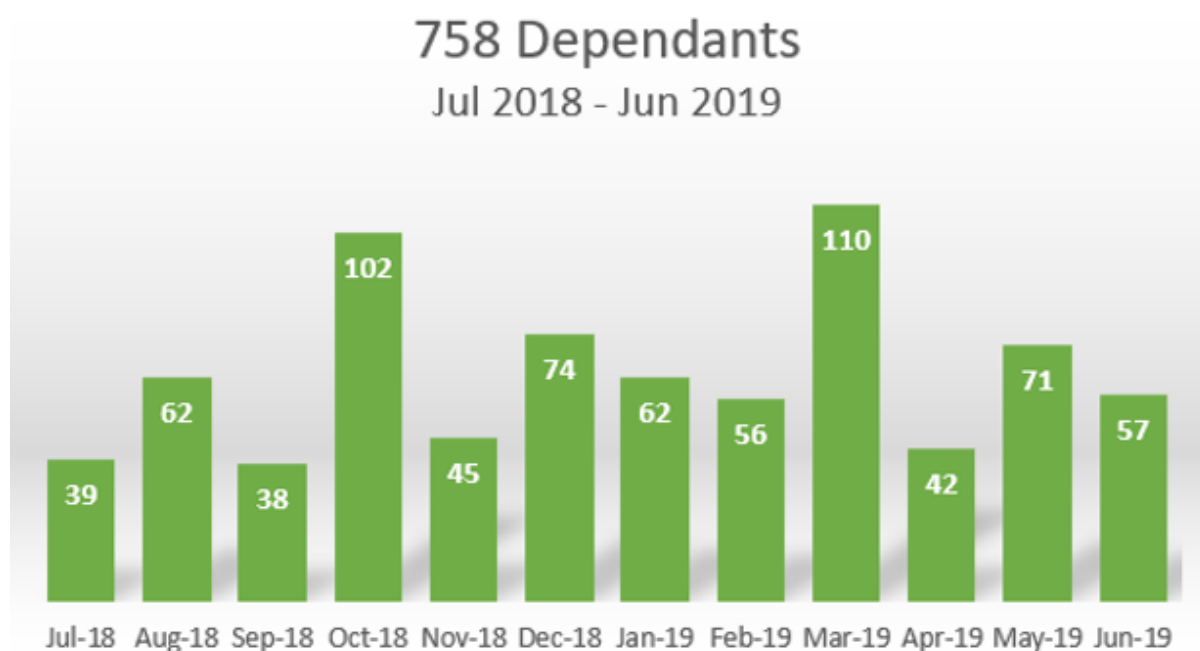
As in previous years, the largest number of main applicants originated from Europe, with an increase of 3.6% being registered following a slight dip being reported in last year's report. The second most popular region was, once again, Asia with related figures being similar to those registered in the 2018 report. The third most popular region of origin is the Middle East and Gulf. This is thanks to the fact that figures for the Middle East and the Gulf regions have now been merged (as previously explained). When compared with last year's report the percentage of applications from Africa was nearly halved whilst no significant changes were registered in the case of North America, South America and the Caribbean. Similar to what was reported in the 2015 report there were no applications from Oceania.

Number of Different Citizenships

Statistical information was also recorded on the number of different citizenships of which the main applicants were already in possession (at the time of application). Similar to last year, the absolute majority of main applicants (304 out of 311, i.e. 98%) only had one previous citizenship, meaning that if their IIP application were to be successful, the Maltese Citizenship would be their second. On the other hand, 7 main applicants had two previous different citizenships. During the period in question there were no applicants previously holding three citizenships or more.

Dependants

The number of dependants included in the 311 applications amounted to 758 of which 232 were spouses, 368 were minor dependants and 158 were adult dependants (either adult children or parents/grandparents). On average the number of dependants per application was 2.43 which is similar to the figure reported in the 2018 report (2.47).



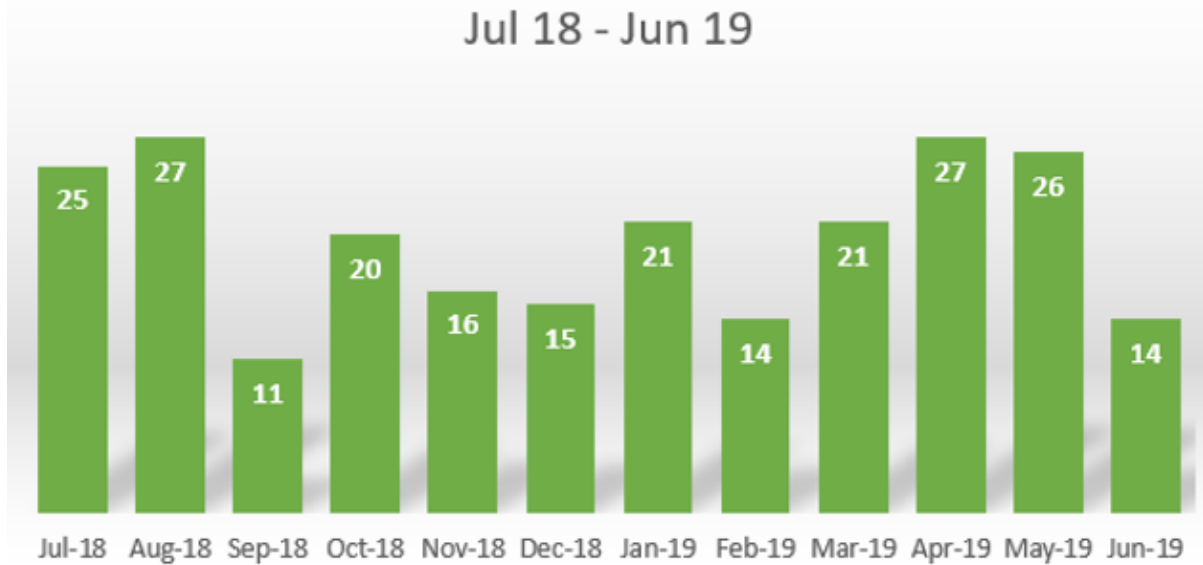
2.2 Outcome of Applications

As also stated in previous years' reports, the figures quoted in this sub-section do not tally with those recorded in the previous one, the reason being that there is a time-lapse during which an application is processed and therefore a significant number of the 311 applications received between July 2018 and June 2019 would still be in the initial or due diligence stage (and thus their outcome would be recorded in next year's report).

Approved Applications

The amount of applications which were approved (i.e. applications for which the due diligence has been positively concluded and a letter of approval in principle has been issued) was 237, an increase of 14 from the previous reporting period (which stood at 223). The highest number of approvals (27) was reached on two occasions (August 2018 and April 2019) whilst, conversely, the lowest number (11) was registered in September 2018. When adding these figures to those included in previous reports one will note that the total number of letters of approval issued till 30th June 2019 amounts to **1198**.

237 Letters of Approval in Principle Jul 18 - Jun 19



Applications which were not approved

This category includes applications which were either rejected or withdrawn. The number of applications during the period in question was 115 (an average of 10 applications per month). The highest number registered in one month was 22 (in October 2018).

Taking into consideration all the **decisions** (approvals or otherwise) taken during the period in question, it transpires that the overall rate of such unapproved applications stood at 33% of all applications. There was a significant increase from the figure recorded in the 2018 report (25%) and from the one pertaining to the year previous to that (16%). The average of **all** such unapproved applications for **all** the years since the inception of the Programme has now increased to 23%, up by 3.5% from the figure recorded in the 2018 report (19.5%).

115 Applications which were not Approved Jul 18 - Jun 19



Further to the above the ORIip is informed that there are additional cases in which the process, leading exclusively to an IIP application, would have started but were subsequently discontinued at pre-IIP application stage. This would either be officially withdrawn by the Agent during such pre-IIP application stage (since initial verbal enquiries with the MIIPA would have revealed that the applicant might face serious problems at an eventual due diligence stage) or would have failed the security checks carried out by the Malta Police at Residency Card Application stage. During the period in question there were 13 applications which were withdrawn at such early stage. Such figure does not feature in the above chart since, as no IIP-related documentation would have been compiled and presented to the MIIPA, they are not vetted by the ORIip.

Origin

Similar to the previous twelve months, the majority of rejected/withdrawn applications originated from Europe (55) followed by Asia (42). The other applications originated from Africa (6), the Middle East and Gulf (4), and 2 each from North America, South America, Oceania and the Caribbean.



2.3 Naturalisations

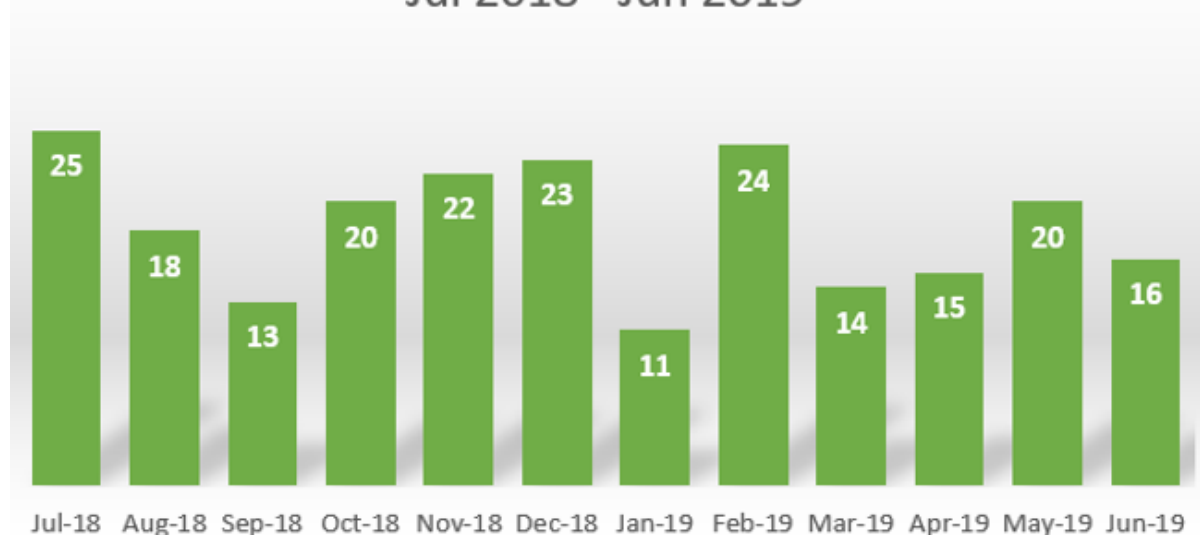
The same rationale (as per above) that the figures do not tally with those in the previous two sub-sections applies. Indeed, a substantial number of applications which reached the naturalisation stage during the period in question would have actually been initialised and possibly also approved during the previous reporting period.

Naturalised persons

During the period in question 221 applications had reached the final stage (i.e. when the naturalisation process was completed). This constitutes a drop of 45 from the amount recorded during the previous twelve months when the amount of naturalised persons reached 266.

In total (since the launch of the Programme), up till the end of June 2019, there have been 1054 successful main applicants. Considering that Regulation 12 of the current version of the IIP Regulations stipulates that the number of successful main applicants (excluding dependants) shall not exceed 1,800 for the whole duration of the Programme, the aforementioned figure constitutes 58.6% of the indicated pre-established target.

221 Applications reaching Final Stage Jul 2018 - Jun 2019



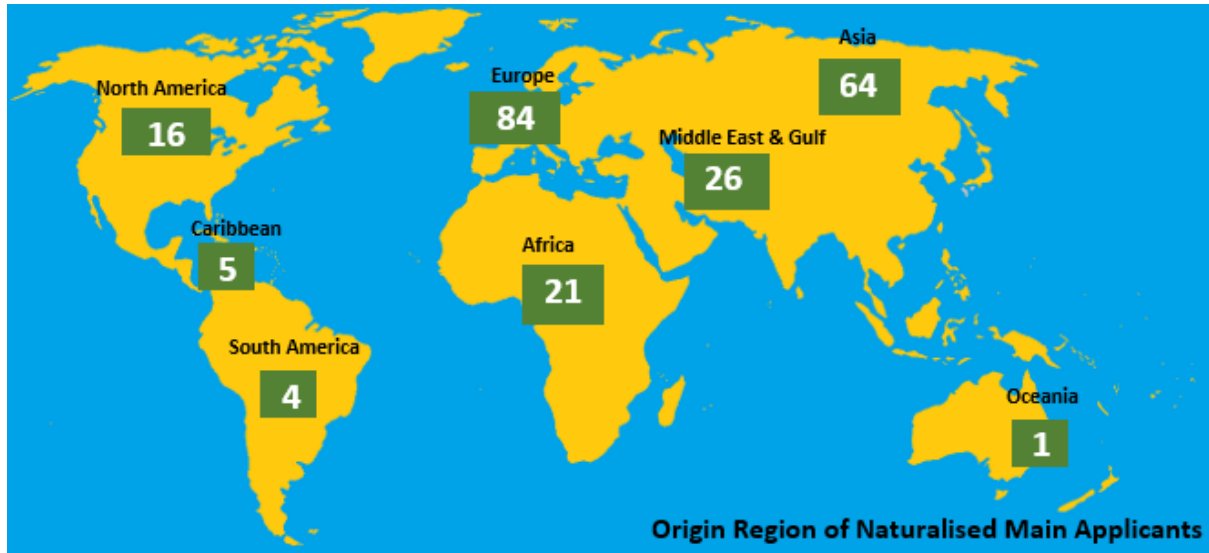
Dependants

The 221 applications included a total of 768 persons. Apart from the 221 main applicants there were 547 dependants distributed as follows: 164 spouses, 263 minor dependants and 120 adult dependants. This means that each application contained an average of 2.48 dependants – the figure for the previous reporting period was slightly lower and stood at 2.44.

Month	Main Applicants	Spouses	Minor Dependants	Adult Dependants	Total
July 2018	25	21	40	18	104
August 2018	18	13	26	8	65
September 2018	13	10	12	14	49
October 2018	20	18	24	9	71
November 2018	22	20	25	19	86
December 2018	23	16	26	12	77
January 2019	11	8	10	2	31
February 2019	24	16	27	13	80
March 2019	14	12	13	7	46
April 2019	15	10	19	9	53
May 2019	20	11	19	8	58
June 2019	16	9	22	1	48
TOTAL	221	164	263	120	768

Origin

Similar to previous trends the region from which the naturalised main applicants mostly originated was Europe (84), closely followed by Asia (64). It was noted that there were naturalised persons originating from all the established regions.



Number of Different Citizenships

The majority of naturalised main applicants – 212 – only had one citizenship (i.e. the Maltese Citizenship which they acquired was their second). Of the remaining applicants, 9 held two citizenships whilst none had three or more.

Gender

The ratio of the gender of naturalised main applicants remained predominantly male-oriented, with 81% males and 19% females. These figures were the same as those registered during the previous reporting period.

Employment Status

Similar to the previous reporting period the absolute majority (53.8%) of naturalised main applicants declared that they were self-employed, followed by 35.7% of applicants who declared to be employed and 10.4% who were non-economically active. When comparing the figures with those previously recorded in the 2018 report one will note that there were slight (but not significant) variations.

Type	Count	Percentage
Self-Employed	119	53.8%
Employed	79	35.8%
Non-economically Active	23	10.4%

Educational Level

The educational level of naturalised main applicants was, similar to previous reporting periods, very high. Taking into consideration those reaching PHD, Masters and Degree levels one will note that this amounts to 67% of such persons. In the 2018 report applicants with PHD, Masters and Degrees amounted to 78%.

Type	Count
PHD	5
Masters	56
Degree	87
Diploma	18
Higher Secondary	14
Secondary	2
Others	38
Not Specified	1

Age Bracket

Age Bracket	Count
18 – 24	1
25 – 44	75
45 – 64	131
65+	14

Similar to last year, the main age bracket of naturalised main applicants was between 45 and 64 (59.3%), followed by those falling within the 25-44 age bracket (33.9%) and those whose age is 65 or more (6.3%). One may note that there was also 1 naturalised main applicant below the age of 25.

2.4 Properties

As indicated on page 10, statistical information on IIP matters are dynamic and therefore continuously susceptible to variations. This is even more so in the case of properties since the IIP regulations allow IIP applicants / citizens to terminate a lease and start a new one (or purchase a property instead) and therefore rendering statistical information more susceptible to changes from year to year.

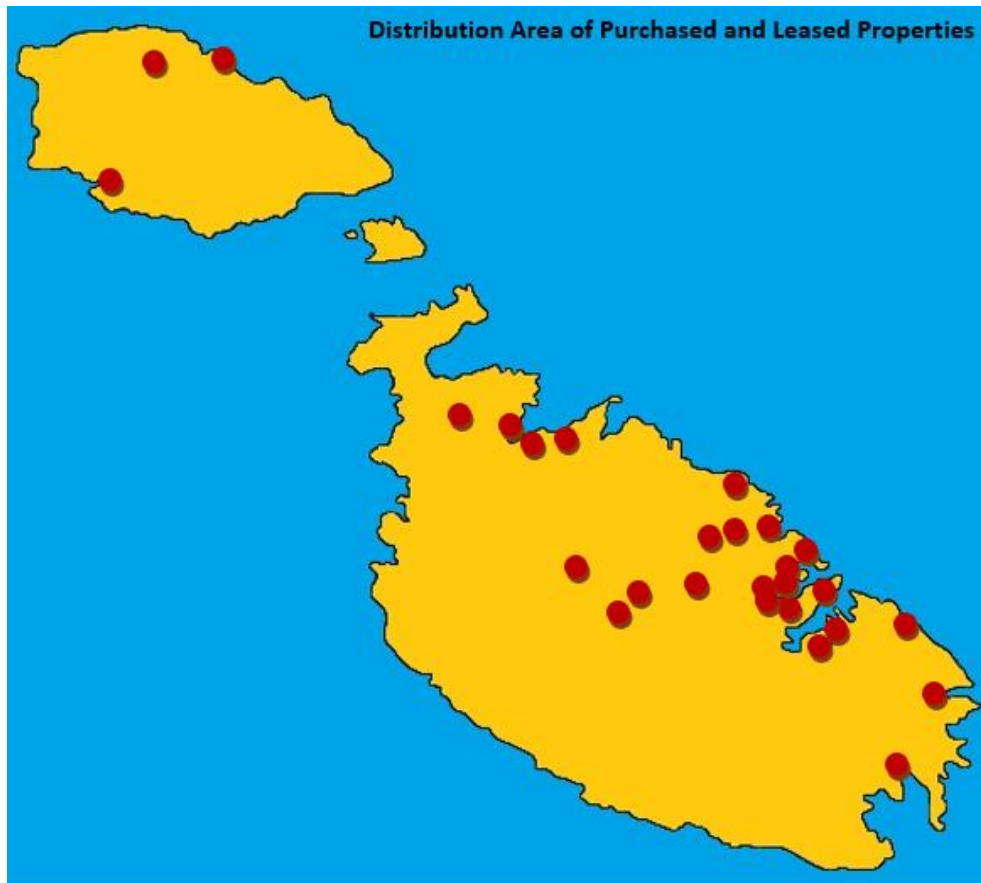
As indicated in the afore mentioned IIP Regulations, main applicants are obliged to invest in a residential immovable property in Malta, either by acquiring and holding one having a minimum value of three hundred and fifty thousand euro (€350,000) or by taking one on lease for a minimum annual rent of sixteen thousand euro (€16,000). In this regard, during the period in question there were 221 properties that were either purchased or leased. Similar to previous reporting periods the vast majority of property – 92% - was leased whereas the remaining 8% was purchased.

The following table provides a snapshot of purchased and leased property split according to the various reporting periods. One will note that these figures vary slightly from what was indicated in previous reports, the reason being that a number of applicants would have subsequently opted to terminate their respective rent in order to purchase property accordingly.

Type of Property	July 2018 – June 2019	July 2017 – June 2018	July 2016 – June 2017	July 2015 – June 2016	Since Launching of the IIP till 30 June 2015	Grand Total since Launching of the IIP till 30 June 2018
Purchased	17	29	57	32	9	144
Leased	204	237	333	102	34	910

During the current reporting period, and similar to previous trends, Sliema and St Julians continued to be the most popular localities in which property was purchased or leased by IIP

applicants. St Julians topped the list of localities in which property was purchased whereas Sliema came first in the list related to leases. This dominant position is evident when considering that 65% of all purchased property and 52% of all leased property hail from these two localities. The respective figures recorded in the 2018 report were slightly higher (72% in the case of purchased property and 56% in the case of leased property). In total there were 31 localities (including 3 from Gozo) in which applicants opted to purchase or lease property.



Location	Purchased	Leased
Attard	-	2
Bahar ic-Caghaq	-	1
Birkirkara	-	1
Cospicua	-	2
Floriana	1	-
Gzira	-	20
Ibrag	-	1
Imtarfa	-	1
Kalkara	-	1
Lija	-	2
Marsalforn	-	1
Marsascala	-	1
Mellieha	1	5
Mosta	-	2
Msida	-	4
Naxxar	-	2
Pembroke	-	1
Pieta'	-	2
Qawra	-	2

Rabat (Gozo)	-	1
San Gwann	-	2
Senglea	-	2
Siggiewi	-	1
Sliema	5	72
St Julians	6	35
St Paul's Bay	1	13
Swieqi	1	14
Valletta	2	6
Vittoriosa	-	1
Xemxija	-	4
Zebbug (Gozo)	-	2

Between July 2018 and June 2019 the value of the 17 purchased properties amounted to €13,747,186, averaging €808,658 per property. Such average is significantly higher than the minimum threshold of €350,000 set in the IIP Regulations. Globally (taking into consideration all the properties purchased since the launch of the IIP), the value of all purchased property (144) totals €141,374,459.33 (averaging €981,767.08 per property).

In the case of the 204 leased properties, the rental value for the duration of the 5-year contract is projected to be €19,150,136 averaging €93,873 per contract. On an annual basis this translates into an average of €18,775 per lease. Similar to the situation regarding purchased properties, the average is significantly higher than the minimum threshold of €16,000 per year as set in the IIP regulations. Globally (taking into consideration all the properties leased since the launch of the IIP), all 910 leased properties add up to €89,718,085.11, averaging €98,591.30 per leased property which, in turn, translates into an annual average rental value of €19,718.26.

2.5 Investments in Government Stocks

Regulation 7(6) of the IIP Regulations states that an IIP applicant shall make a minimum investment of €150,000 in Malta Government Stocks. In this regard, the amount invested in such Stocks between July 2018 and June 2019 totalled €33,751,826.03. Taking into consideration all investments made since the launch of the Programme, the total amount adds up to €159,767,368.53.

Month	Total (€)
Prior to July 2018	126,015,542.50
July 2018	3,807,447.45
August 2018	2,804,041.78
September 2018	1,967,504.96
October 2018	3,032,135.58
November 2018	3,334,125.49
December 2018	3,492,971.63
January 2019	1,671,909.53
February 2019	3,642,811.98
March 2019	2,112,887.34
April 2019	2,286,637.54
May 2019	3,084,500.38
June 2019	2,514,852.37
TOTAL	159,767,368.53

2.6 Contributions and Fees Payable by Main Applicants and Dependants

2.6.1 Contributions

During the period under review by this Report (1st July, 2018 – 30th June, 2019), the contributions collected by the MIIPA amounted to €162,725,000. This equates to approximately 1.26% of the GDP **relative to the same period** (estimated at €12,890,800,000). The contributions so collected initially go into an *ad hoc* apposite account and it is only after the Oath of Allegiance is taken that the distribution of funds is carried out in accordance with the provisions governing the IIP. Taking all inputs from the IIP related to property purchases and rent, investments and contributions during the period covered by this Report, the sum total (€271,603,364.87) would equate to approximately 2.11% of the GDP **relative to the same period**.

When the amount of contributions collected during the period covered by this Report is added to the contributions previously collected by the MIIPA since the launching of this Programme this would result in a grand total of €834,750,000 contributions collected by the MIIPA in respect of this Programme.

During the period 1st July, 2018 – 30th June, 2019 the funds distributed were as follows:

- €106,201,700 the National Development and Social Fund;
- €45,519,300 the Consolidated Fund;
- €9,966,000 Identity Malta Agency/Malta Individual Investor Programme Agency;
- €8,017,000 Henley & Partners.

This means that since the launching of the IIP till the 30th June 2019, the total amount of funds distributed were as follows:

- €514,606,049 the National Development and Social Fund;
- €220,374,945 the Consolidated Fund;
- €45,495,000 Identity Malta Agency/Malta Individual Investor Programme Agency;
- €36,817,000 Henley & Partners.

As on 30 June 2019, funds held in suspense still awaiting distribution amounted to €17,457,006.

2.6.2 Fees

Paragraph 2 of the Schedule to LN 47 of 2014 establishes the amounts that need to be paid by way of (a) due diligence fees, (b) passport fees and (c) bank charges by the main applicant in his or her respect and in respect of his or her dependants.

During the period covered by this report (1st July, 2018 – 30th June, 2019), the amounts collected by way of such fees were as follows:

Due diligence fees	€4,459,500
Passport fees	€520,5000
Bank Charges fees	€60.600

2.7 Donations made to Maltese Entities by Main Applicants

During the period covered by this Report, the number of Entities which benefitted from donations given by the various Main Applicants for Maltese citizenship under this Programme amounted to 36 receiving among them 128 donations as compared to 138 donations received during the previous corresponding period received by 34 such organisations. This notwithstanding, the total amount of such donations during the period covered by this Report exceeded those made during the previous corresponding period by more than €37,605: €799,192.75 during the period covered by this Report as against €761,587.35 during the previous corresponding period. It is likewise interesting to note that only 16 Entities of those who received donations during the period covered by this Report had also received donations in the previous corresponding period, although many of the others as well as an appreciable number of the aforesaid 16 Entities had previously received other donations in one or more of the corresponding periods prior the period 1st July 2017-30th June 2018. The following 2 Tables give a list of those Entities who received donations during the period covered by this Report – **Table ‘A’** - as compared to those who had received donations during the previous corresponding period – **Table ‘B’**.

TABLE ‘A’ - 1 JULY 2018-30 JUNE 2019			
FREQUENCY OF DONATIONS RECEIVED BY EACH ENTITY	NUMBER OF ENTITIES INVOLVED	TOTAL NUMBER OF DONATIONS	NAME OF THE ENTITIES INVOLVED
1 TIME	21	21	Birgu Local Council; Carers for Stray and Abandoned Felines; Caritas Malta; Dar Dun Sidor; Dar Merħba Bik Foundation; Dar Sagra Familja; Department of Mathematics University of Malta; Friends of the Sick and the Elderly in Gozo; Hospice Malta; JAYE Malta Foundation; Jays of Sunshine; Malta International Contemporary Arts Space; Malta Red Cross; Opening Doors Association; Order of Malta Maltese Association; Richmond Foundation; Royal Malta Yacht Club; The Gaia Foundation; The University of Malta Research, Innovation & Development Trust; Vikings Sailing Club; YMCA.
2 TIMES	4	8	Down Syndrome Association Malta; St John Association Malta; The Millenium Chapel; The Ursuline Sisters of Malta.
3 TIMES	4	12	Claris Foundation; Friends of the Earth Malta; Id-Dar tal-Providenza; The Malta International Organ Festival Foundation.
5 TIMES	2	10	Heritage Malta; Inspire.
6 TIMES	2	12	Natalis Notabilis; Victoria Hotspurs Football Club.
7 TIMES	1	7	LifeCycle Malta Foundation.
24 TIMES	1	24	The Malta Community Chest Fund Foundation.
34 TIMES	1	34	Puttinu Cares Foundation.
TOTAL	36	128	GLOBAL AMOUNT DONATED: €799,192.75

TABLE 'B' - 1 JULY 2017-30 JUNE 2018			
FREQUENCY OF DONATIONS RECEIVED BY EACH ENTITY	NUMBER OF ENTITIES INVOLVED	TOTAL NUMBER OF DONATIONS	NAME OF THE ENTITIES INVOLVED
1 TIME	19	19	Angela House; Church of Our Lady of Liesse; Dar Merħba Bik Foundation; Drama Outreach Project; Friends of the Sick and the Elderly in Gozo; Fritz Grimm*; Gzira United Football Club; Jesuit Refugee Service Malta; Multiple Sclerosis Society of Malta; Nature Trust Malta; Noah's Ark; Notarial Archives Resources Council; Office of the Commissioner for Animal Welfare; Richmond Foundation; Skychair Trust; St Michael Hospice Foundation for Palliative Care; The Gaia Foundation; The Ursuline Sisters of Malta; Victoria Hotspurs Football Club.
2 TIMES	7	14	Down Syndrome Association Malta; Hospice Malta; Inspire; LifeCycle Malta Foundation; Malta Motorsport Federation; Missionaries of Charity; President's Foundation for the Wellbeing of Society.
3 TIMES	1	3	Natalis Notabilis.
4 TIMES	2	8	The Anglican Church in Malta & Gozo; The Marigold Foundation
5 TIMES	1	5	Claris Foundation.
6 TIMES	1	6	Id-Dar tal-Providenza.
9 TIMES	1	9	Heritage Malta.
28 TIMES	1	28	The Malta Community Chest Fund Foundation.
46 TIMES	1	46	Puttinu Cares Foundation.
TOTAL	34	138	GLOBAL AMOUNT DONATED: €761,587.35

* Donation was made in support of a photographic exhibition 'LOVE MALTA BY FRITZ GRIMM' which was a charity event in aid of various Maltese and Gozitan institutions

2.8 Agents

The total number of Accredited Agents as at the end of June 2019 now stands at 134, a decrease of 25 when compared with the amount registered a year before. Of these, 21 were upgraded to the status of Approved Agents. These 134 Accredited Agents were subdivided into four main categories, namely:

Type of Firm	Count	Percentage
Concessionaire	1	0.8%
Legal	46	34.3%
Financial Fiduciary and Trust	55	41.0%
Management and Consultancy	21	15.7%
Property Consultancy	11	8.2%

3.0 **T**he IIP in the Public Domain

3.1 **Parliamentary Questions**

Between 1st July 2018 and 30th June 2019 there were 12 parliamentary questions which were answered in Parliament. Three of these were submitted by the Hon. Godfrey Farrugia whilst the remaining nine were made by the Hon. Karol Aquilina. Two of the questions were submitted twice (one of them due to being addressed, in the first instance, to the wrong Minister and the other as a follow-up).

Four questions were directly related to the functions of the Regulator (IIP). In such cases information was requested on:

- Whether the Regulator had been assigned other functions, as per provisions of Article 25(4) of the Maltese Citizenship Act – the reply was in the negative;
- Whether the Regulator had reported any issues – the reply was that any such information would be included in the Regulator’s annual reports;
- Whether any investigations had been undertaken by the Regulator – similar to the above, the reply was that information on any such investigations would be included in the Regulator’s annual reports;
- Details on complaints received by the Regulator (amounts, reasons and outcome of investigations) – such information was duly provided.

The Regulator was also mentioned (albeit indirectly) in another Parliamentary Question seeking information on the IIP Monitoring Committee (dates when such Committee had convened and details of attendees, including whether the Regulator had been asked to attend).

Another parliamentary question requested details on how the collected IIP funds had been spent (such information was duly given).

In October 2018 there was a request for information on when the citizens’ list would be published in the Government Gazette. The list was eventually published in December 2018.

Another parliamentary question referred to the public consultation process which was carried out earlier in the year. Such question was made twice and, in each case, the reply was that the documentation would be published soon.

One question sought to verify whether there was any entity enjoying any exclusivity rights on IIP applications originating from China (the reply was in the negative).

In conclusion, one question sought clarification as to whether a particular person had been granted Maltese Citizenship through the IIP. Details in such case were not given – instead reference was made to a previous reply (to a similar question) in which it was made clear that the requested information could not be given since it would be discriminate against such person, against his privacy and would run counter to the principle of equality.

3.2 Media Articles

Similar to previous reporting periods, articles appearing in the Media between 1st July 2018 and 30th June 2019 focused on communicating IIP-related events and opinions (including reactions to events). Interest peaked during the month of December 2018 (when the Regulator's report was issued and when the list of new Maltese citizens was published in the Government Gazette) and also in the aftermath of a number of reports issued by international organisations.

Opinions were basically divided between sides that were diametrically opposed to each other (i.e. those that are in favour of the IIP and those that are against). Those in favour commented that Malta's programme was one of the best in the world and that, consequently, it leads the way in the investment migration industry. They deemed Malta's standards to be high (with claims that only the best need apply) and that Malta's passports had now become a status symbol. On the other hand, those against the Programme attacked what they alleged to be corruption claims and lack of professionalism / accountability. They claimed that it created risks for Member States and the Union, with one even commenting that it was an act of prostitution.

As indicated above, during the reporting period a number of reports were issued by a number of international organisations including the European Parliament and the European Commission. It was noted that these reports were generally negative and, consequently, those who oppose the IIP took leverage from them in order to continue with their criticism through the use of terms such as "slammed", "about to crack down", "should be phased out", "death knell sounded" and "crime risks". A more thorough analysis of these reports is included in Section 4.7.

Media interest often focused also on the financial aspect of the IIP, in particular the income being generated (reported to have reached €365 million by July 2018, €400 million by September 2018 and €432 million in October 2018), the effects of these funds on the local economy and details of donations made by IIP applicants to local institutions.

In particular it was reported that the funds would be used for:

- The acquisition of 49% stake in Lombard Bank;
- Partly contribute to new accommodation units for patients' relatives in central London;
- Part-finance social initiatives, including investment in social housing units;
- Revamping Health Centres.

With regards to the effect of these funds on the local economy, there were extremely diverse opinions ranging from allegations that Malta would be broke without these funds and claims that a surplus would have been registered even without passports money.

An article published in July 2018 stated that "passport buyers" had donated €3.5 million to local organisations, with claims (in a later article published in November 2018) that the Puttinu Cares Foundation had benefitted the most from these donations.

When the IIP Regulator's report was published (in December 2018) this was followed by a number of articles which touched upon the various themes addressed therein. Some of the articles limited themselves to putting forward statistical information however others took it upon themselves to criticize a number of points which the Regulator had touched upon. An analysis of these articles is included in Section 4.9.

Towards the end of 2018 (just after the publication of names in the Government Gazette), Media took delight in publishing names of a number of high-profile individuals who, they said, had just become “Malta’s new citizens”.

The Media also reported two incidents involving two persons who had obtained Maltese Citizenship through the IIP and who were now in the news for the wrong reasons:

- In September 2018 there were reports about a Russian who was allegedly at the centre of a money laundering scheme;
- In April 2019 there were reports about an Egyptian who was arrested in New York on alleged fraud charges.

4.0 Initiatives carried out by the ORiip

The duties of the ORiip are embedded in Articles 25, 25A and 25B of the Maltese Citizenship Act. In essence the Regulator (and his Office) shall, for the purposes of the correct implementation and monitoring of the individual investor programme, keep under review all aspects of such Programme. In addition, the Prime Minister may, by Regulations, assign to the Regulator any other function related to citizenship. Up till the 30th of June 2019 (the end of the current reporting period) no other function, regulated or otherwise, has been assigned to the Regulator and therefore it can be ascertained that the Office is fully focused on monitoring the implementation of the IIP.

This section covers activities undertaken by the ORiip during the present reporting period focusing mainly (but not only) on the outcome of the vetting exercise which was carried out.

4.1 Vetting of Applications

From the outset it has to be stressed that the figures in this sub-section do not (and cannot) tally with those listed in Section 2, the main reason being that applications vetted by the ORiip during any given month are not the same ones that would have been finalized by the MIIPA during that very same month. This is due to the fact that finalized applications would be ready for vetting only after the end of such month.

As indicated in the 2018 report, the ORiip is now vetting all applications (approved, rejected or withdrawn). This constitutes an exponential increase of coverage (when compared with previous years' activities) as can be clearly visualized in the following table:

Report Year	2015	2016	2017	2018	2019
Vetted Applications (Approved)	20%	34%	60%	87%	100%
Vetted Applications (Rejected/Withdrawn)	0%	38%	45%	75%	100%

Total number of vetted Applications

The total number of applications vetted by the ORiip during the period in question amounted to 327. Of these, 220 had been successfully concluded, 72 were rejected whilst 35 were withdrawn (either through a specific request by the applicant or closed by the MIIPA due to inactivity).

Agents' Performance

46 different Agents were engaged by the respective applicants in order to present these vetted applications. Notwithstanding this high number of agents, it is relevant to note that 67% of applications were covered by only 6 agents whereas the remaining 23% were covered by the remaining 40 agents.

15 agents only presented one application each. In the case of 4 agents the applications which they presented (three of these agents presented one and the remaining agent presented two applications) were withdrawn – therefore their performance cannot really be assessed.

When taking rejections and withdrawals into consideration, it makes sense that the most successful approval rate (100%) pertains to those agents who presented fewer applications. In this regard there were 17 agents whose applicants were all approved (i.e. with no rejections and with no withdrawals). The most prolific of these presented 5 applications and these were all successfully concluded. When removing withdrawn applications from the equation however four more agents are included in the successful list. In such case one Agent topped the list with 14 successful applications out of 14 (such Agent had an additional 9 applications which were withdrawn).

Similar to the success rate, the agents whose rejection rate was highest were those who had fewer applications. In this regard, there were 6 Agents whose applications ended up all being rejected. To be fair, during the period in question two of these agents had presented two applications whereas the remaining four agents presented only one each. When considering the most prolific agents (as mentioned above) the worst performer had 35.23% of rejections/withdrawals.

Vetting observations

During vetting sessions the ORiip officials went through the various documentation pertaining to the three stages (application stage, vetting stage and post-approval stage – applicable only in the case of approved applications) in order to ensure that they were duly filed in the application pack and that they were properly filled-in. In the case of payment receipts, verifications were also made that the correct amounts were incurred. In addition, checks were made that the respective timelines were respected. **In all cases whereby clarifications were required and/or wherever information was misfiled the ORiip liaised with the MIIPA and such issues were rectified accordingly by the latter.**

From the outset it has to be made clear that the issues identified during the vetting session have absolutely no bearing on whether an application should have been rejected or otherwise. Whilst it is commendable that the MIIPA rectifies such issues as soon as they are flagged by the ORiip it is ideal that such exercise is carried out a priori. Consequently, the ORiip recommends that the MIIPA delegates an official with the task of ensuring that, for each application, the documentation is proper and in place as soon as all the related processes are finalized.

The checks were classified under three different categories:

- Instances in which absolutely no issues were identified;
- Instances in which minor issues were identified requiring no significant action; and
- Instances in which the identified issues would need to be addressed.

Application Stage

This is the phase during which the application is submitted by the Main Applicant (through an Agent) to the MIIPA. On receipt of such application MIIPA officials check the contents (forms and supporting documents), reverting back to the Agent if any documentation / information is either missing or not in order. The phase is concluded when enough information is available enabling the MIIPA to start the evaluation process.

CHECKS

- a) Receipt covering initial part payment of €5,000 including residence document fees:
- Receipts were missing in the case of 11 applications; and
 - There were two cases in which the amount incurred was seemingly incorrect.
- b) Power of Attorney (enabling the Agent to act on behalf of the Main Applicant and dependants):
- All copies were found; and
 - 17 powers of attorney expired before the letter of approval in principle was issued. Nonetheless, the MIIPA had informed that, in cases where the Power of Attorney is expired and Agents are required to carry out any action on behalf of the applicant, the Agency takes no action unless such document is renewed.
- c) Residence Document:
- There was one instance in which a copy of the Residence Document was not filed in the application pack.
- d) Residency Proposals approval letter issued to the applicant by the MIIPA:
- There were two instances in which a copy of such letter was misfiled.
- e) Forms N, O, P, PDFEE, SSFW, MRQ and PSC:
- All documentation was accounted for except in the case of one instance in which a copy of the SSFW document was misfiled.
- f) Supporting documentation accompanying the application:
- There were the following instances:
 - 2 misfiled police conduct certificates;
 - 1 misfiled bank statement; and
 - 1 misfiled documentation evidencing business link/owners.
- g) Receipt covering part of the IIP contribution, due diligence fees, passport fees and bank charges:
- There were two instances in which the receipts were not found in the application pack; and
 - There were four instances in which the incorrect amount seemed to have been incurred.

Vetting Stage

During this phase the MIIPA carries out internal/external four-tier due diligence (by commissioning due diligence reports from international companies and by liaising with the local Police Force). Checks are also carried out with Medical authorities. Once the MIIPA formulates an opinion (on applicants' suitability) this is communicated to the Minister who takes a decision (approving/rejecting the application). In turn, the MIIPA communicates this decision to the Agent.

CHECKS

- h) Medical Evaluation carried out by a local practitioner:
 - There were 6 instances in which the documentation was not found in the application pack.
- i) Checks carried out by the local police authorities:
 - There were 2 instances in which the documentation was not found in the application pack.
- j) Due diligence related documentation:
 - All documentation was accounted for. 96 applications did not contain any red flags, 99 applications contained negligible issues which were clarified by the Agency (prior to recommending approval), 17 applications required additional evaluation whilst a further 8 were cleared by the ORiip following discussions and consultations with the Agency.
- k) Letter of extension has been issued (where applicable):
 - In all (taking into consideration both approved and rejected applications) only 10 letters of extension were issued.
- l) Recommendation letter sent by the MIIPA to the Minister:
 - All documentation was accounted for; and
 - Contents were found to be exhaustive and in line with due diligence findings.
- m) Response letter from the Minister:
 - In all cases, the decision taken by Minister reflected the outcome of the due diligence process; and
 - There was one instance in which the document was misfiled.
- n) Letter of approval in principle / rejection:
 - All documentation was accounted for;

- In all cases the approval was in line with the decision taken by the Minister; and
- Respective deadline (i.e. decision to be communicated within 120 days) is not being respected. Only 2 letters were issued within 120 days whereas the rest were issued afterwards. It is also noteworthy that 45 of these letters were actually issued after the lapse of 1 year. As indicated in last year's report, such delay is attributable to instances where applications are put on hold in order for the Applicant (through his/her Agent) to provide additional information and/or supporting documentation.

Post-approval stage

This phase applies only in the case of approved applications. Subsequent to the receipt of the letter of approval in principle, the applicant is bound to fulfil a number of requirements (apart from paying the IIP contribution) following which he/she is invited to visit Malta in order to take the Oath of Allegiance.

- o) Receipt for the final contribution (covering the actual IIP contribution of the applicants):
 - All receipts were accounted for;
 - Respective deadline (i.e. payment to be made within 20 days) is not being fully respected since 15% of payments are being made after the lapse of such date; and
 - There were three instances in which the incorrect amount seemed to have been incurred.

- p) Response by Agent within established timeframe providing proof of adhering to residency proposals. Statistical information is based on the date indicated in the Agent's covering letter. Since there is no legal obligation on Agents to submit any covering letter, there were instances (15%) in which such document was not available. Therefore, the following data is based on 85% of vetted applications:
 - Legal provisions require documentation to be submitted within 4 months. In all, 82% of documentation was submitted within the established deadline. For the remaining 18% of applications, documentation was submitted after the lapse of such 4 months including one which took nearly 430 days.

- q) Proof of property purchase:
 - All copies of contracts (for property purchase or rental) were accounted for;
 - There were three instances in which the architect evaluation was not found in the application pack. Nonetheless, this is not a legal obligation; and

- The established threshold (not less than €350,000 in the case of purchased property and not less than €16,000 annually in the case of leased property) was always respected.
- r) Proof of Medical Insurance:
- There was one instance in which the documentation was missing from the application pack; and
 - There were two instances in which not all dependants were indicated to be covered by a medical insurance.
- s) Proof of investments in Malta (Stocks, Bonds, etc):
- All documentation was accounted for; and
 - The established threshold (at least €150,000) was always respected.
- t) Declarations regarding the retention of property (for a period of five years), investments (for a period of five years) and medical insurance (indefinitely):
- In the case of 92% of applications, all declarations were found to be present. Of the remaining applications, no declarations were found in the case of 4%. When considered individually 7% of investments declarations, 6% of insurance declarations and 5% of properties declarations were respectively missing.
- u) Proof of fulfilment of residence requirements:
- All documentation was accounted for.
- v) Oath of Allegiance taken by the Main Applicant:
- The Oaths of Allegiance were not found in the case of 4% of applications.

4.2 An Analysis of the Due Diligence Process

During the past year detractors have continued disseminating allegations that the process is simply a matter of criminals queuing up at MIIPA offices, paying their dues and leaving with freshly-printed Maltese passports. Rarely, if ever, do they mention the fact that the whole process revolves around a strict due diligence process which weeds out the ineligible applicants from those who, at least up till the date when the evaluation is carried out, satisfy the requisites for Maltese citizenship.

Applications vetted by the ORiip between July 2018 and June 2019 have confirmed that the MIIPA has followed such process to the letter. Four tier checks were always carried out including international databases searches, clearance from local Police authorities and the commissioning of reports to be drawn up by external due diligence companies. All collected data was duly analysed thoroughly through the use of an internal risk matrix which ensured

that every application was examined in a consistent manner. Checks did not focus solely on the main applicants but included all the dependants, benefactors (whenever applicable) and other third parties forming part of their business and social circles. The analysis focused primarily - but not exclusively - on business activities, sources of fund/wealth and on one's reputation. Subsequently, as also pointed out in Section 4.1, the Agency's conclusions to recommend either an approval or a rejection were coherent with the internal evaluation and, similarly, the Minister's decision also reflected such recommendations.

It has to be pointed out that cases where applications were rejected by the MIIPA were not taken lightly by the Agency, especially in instances of potential criminal activity. Indeed, the ORiip is aware that, since the launch of the Programme, the MIIPA has collaborated with the FIAU. In cases when the Agency encountered applications where there was a suspicion of money laundering activities, details of the applicant and agent involved were spontaneously reported to the FIAU. So far, the ORiip is informed, the Agency has reported 14 cases and collaborated on 120 others.

4.3 Verifying the publication of names in the Government Gazette

In 2018 the names of all persons who were granted Maltese Citizenship during 2017 (either by registration or naturalisation, including under the IIP) were published in Government Gazette No. 20,108 dated 21st December 2018.

Similar to the previous year the ORiip carried out an internal exercise in order to ensure that the details of IIP applicants and dependants (who were granted Maltese Citizenship during the previous twelve months) were duly published in the Government Gazette. This was done by obtaining the list from the MIIPA and comparing the names with those printed in the Gazette accordingly. It is relevant to point out that such list is only available for the ORiip officers during the period of vetting and is not retained once the vetting exercise is completed.

4.4 Monitoring of Court Cases

The two court cases mentioned in previous ORiip reports continued to be monitored during the past year. Both cases were instituted against the MIIPA (formerly the IMA) in 2016 and refer to refused applicants who felt aggrieved by the communicated decision without being given any explanatory details.

Case No. 144/2016 (Mifsud Cedric L-Avukat Dr Noe Vs L-Agenzija Identity Malta Et) was registered on 23rd February 2016. To date (up till 30th June 2019) there have been 25 sittings, with 7 of these taking place during the past year. These focused mainly on the submission of proof. The Case is earmarked to continue in October 2019.

On the other hand Case No. 834/2016 (Schembri Alexander L-Avukat Dottor Noe Vs L-Agenzija Identity Malta Et) was registered on 23rd September 2016. To date (up till 30 June 2019) there have been 17 sittings, with 6 of these taking place during the past year. Similar to the previous Case these focused mainly on the submission of proof. The Case is earmarked to continue in July 2019 and, subsequently, in October 2019.

4.5 Requests for Review by the Regulator in respect of rejected applications

During the year under review (1 July, 2018-30 June, 2019), the Regulator received a total of 9 requests for a review of the Minister's decision in rejecting their respective applications for Maltese citizenship in terms of the relative IIP Regulation bringing the grand total, since the launching of the Programme, to 29. As had been the case with the previous 20 cases, the Minister's refusal came about following the finalization of the due diligence exercise carried out by the MIIPA. As had been pointed out in previous Reports, these requests could not be acknowledged and entertained as "complaints" in the manner laid down in Section 25A of Cap 188 since, to-date, the pertinent *ad hoc* Regulations as contemplated by the said Cap 188 have not yet been published as required therein. Nonetheless, in the absence of such Regulations, and following the advice of the Attorney General, the Regulator has still taken stock of all these requests in line with his other functions as laid down in Section 25 of Cap 188 in order to establish whether or not that particular case had been correctly, justly and equitably dealt with by the MIIPA in conformity with the provisions of the IIP Regulations in line with other similar cases. Where such was the case – and in fact all the requests dealt with by the Regulator showed this – the complainant was informed accordingly, making it clear in the process that once the Regulations governing their complaint had not yet been published and, **at law**, the Minister's decision is final and cannot be appealed against, at that stage of events that is as far as the Regulator can go with the complaint. Complainants were also advised that if they were not satisfied with the results of the Regulator's findings in response to their request, in terms of the current provisions of Cap 188 concerning such complaints, no time frame was imposed on the eventual presentation of such 'formal' complaints to the Regulator, and hence, **unless the then published Regulations would provide otherwise**, they still had the possibility of lodging a formal and official complaint in terms of and in accordance with such Regulations (if such would be the case) and their case would then be dealt with afresh in terms of and in accordance with such Regulations. All the 9 requests referred to above were dealt with by the Regulator immediately they were received and were ultimately finalized and replied to within a relatively short time frame, leaving no pending cases as of 30 June, 2019. Had the Regulator's views on the final outcome of any one of these 9 cases pointed to an acceptance of the relative application rather than a rejection, the Regulator would have just sent in a report to the Minister stating his findings and resultant views and let the Minister decide on the next step to take based on the advice of the latter's legal advisors.

While on this subject of requests for review/complaints the Regulator cannot but remark that in the majority of cases wherein his intervention was requested he really could not believe his own eyes in reading through certain declarations/assertions made by agents. They put to the fore their "utter" disbelief in having had their respective clients' request for Maltese citizenship rejected (under and in accordance with the IIP Programme) when, at law, it is their duty to make all reasonable due diligence checks **before proceeding with presenting their client's application to the MIIPA. To add insult to injury they even attested that they did this and found nothing irregular to report when even the simplest of checks should have at least rung a bell to them and stopped them from proceeding any further with their client's application for citizenship!** This clearly means that in the first instance such agents are not running through the whole hog and doing their job as they should, and as explicitly required by the MIIPA as part of the application process, as indicated in Section 3.9 of the Handbook (Version 3) drawn up by the MIIPA (reproduced hereunder), thus putting aside such an important feature of their function as required:

Section 3.9 Comprehensive Tier 1 Due Diligence (DD) Checks

Tier 1 DD checks must be presented as part of the client's residency application. They must consist of background checks (database and open-source checks) on all applicants and must be conducted in line with established industry standards and any applicable laws and regulations.

A comprehensive set of Tier 1 DD documentation needs to be presented together with a covering letter including:

- *A confirmation that the agent has undertaken Tier 1 DD checks by industry best practices and any applicable laws and regulations;*
- *Confirmation of findings from any risk management database;*
- *Confirmation of the overall findings as a result of Tier 1 DD; and*
- *Declaration by the agent that he believes that the applicant is suitable to apply for Maltese citizenship.*

It is also important to note that in case of PEPs or applicants showing on any sanctions or watch lists, the MIIPA must be immediately informed and provided with all the relevant details upon submission of a residency application.

4.6 Revision of the ORiip's Operational Guidelines

During the period covered by this Report the ORiip's operational guidelines were revised. Version 1 of such document was originally published in the ORiip's 2014 annual report. Apart from carrying out a number of cosmetic changes the aim of such revision was to update the ORiip's policies with regards to the manner how IIP applications are vetted and how complaints received by the Regulator are handled. In the case of the former, since the ORiip is now vetting all applications, all references to sampling were removed. In the case of the latter, the guidelines now reflect the changes in methodology which were required due to the fact that the relevant legal provisions have yet to be published. A copy of such revised document is included as part of this report (Appendix B).

4.7 In-Depth Analysis of Reports by International Organisations

Introduction

Between October 2018 and January 2019 a series of reports were published by four different International Institutions concerning Citizenship and Residency by Investment Programmes. Accordingly, the ORiip has carried out a thorough analysis of these reports in order to take stock of any issues mentioned there-in (seeking, if applicable, ways how these could be addressed insofar as this Office's duties and functions in terms of the current provisions of the law in this respect are concerned), to consider the possibility of taking on board any one or more of the recommendations put forward and to determine whether there were any inaccuracies which needed to be clarified and/or corrected. **In carrying out its analysis the ORiip limited itself to its own area of interest/expertise as set out in Sections 25 and 25A of the Malta Citizenship Act (Cap 188). This Office, therefore, did not delve into topics such as residence by investment schemes, the National Development and Social Fund and much less address any risks concerning post-citizenship obligations (such as tax evasion) which do not form part of the Individual Investor Programme of the Republic of Malta Regulations, 2014.**

Chronology of Publication

On 10th October 2018 two organisations, Transparency International and Global Witness (hereinafter referred to as TIGW) published their report titled “European Getaway: Inside the Murky World of Golden Visas”. It reportedly highlighted the risks arising from what they termed to be insufficient diligence, conflicts of interest and wide discretionary powers in the Citizenship and residency by investment schemes.

The OECD report was published on the 16th October 2018. It was primarily aimed at financial institutions and attempted to address any misuse of CBI / RBI programmes in order to circumvent CRS due diligence procedures. Since this is an area which falls outside the remit of the ORIIP, the contents of the report had little if any relevance for the scope of this analysis. Nonetheless, the ORIIP has noted that the MIIPA has introduced a declaration, to be signed by the Main Applicant, indicating his/her tax residence Country and enclosing proof of such tax residency as may be required.

The European Parliament (hereinafter referred to as EP) published its study on the 17th October 2018. It reportedly analysed the state of play and issues surrounding citizenship and residency by investment programmes looking at their economic, social and political impacts and examining the alleged risks which these carry in respect of corruption, money laundering and tax evasion.

On 23 January 2019 the European Commission (hereinafter referred to as EC) issued its own report on investor citizenship and residence programmes operated by a number of EU Member States. The document reportedly mapped the existing practices and identified alleged risks such programmes implied for the EU, in particular as regards security, money laundering, tax evasion and corruption. The report also claimed that these risks were further exacerbated by a lack of transparency on how the programmes were being operated and a lack of cooperation among Member States.

In conclusion, the Council of Europe published its report in May 2019. It touches upon various themes which, it alleges, impinges on the rule of law. It has been noted that, with regards to the IIP, there are very few references and that, basically, it was an exercise in regurgitating allegations which had already appeared in previous reports.

Criticism

These reports could have provided the perfect opportunity to bridge the gap between the detractors of such programmes and their respective interested stakeholders by objectively analysing the various aspects, formulating constructive criticism and delivering recommendations which would enhance reliability and reduce inherent risks. Unfortunately, this has not been the case. With the use of terms such as “corruption”, “poor accountability”, “corrupt individuals”, “money-laundering”, “abuse”, “tax evasion”, “dubious practices” and “scandals”, it is evident that the message which, at least, some of the rapporteurs tried to convey in their report is that these Programmes should be outrightly banned. There were allegations in the reports that the Programme increases the risk of allowing corrupt individuals to become Maltese (and therefore EU) citizens. From their end TIGW gave prominence to a quote by the FIAU which had acknowledged ‘an element of risk’ in the Programme. Considering that these types of programmes and, indeed, any types of Programme (whose final aim is to grant the country’s citizenship to a third country national) deal with basic human nature, there will always be instances where an applicant comes forward carrying a shady past, is presently involved in criminal activities or will – even possibly unknowingly – eventually go down an illegal path after citizenship is granted. Therefore, the element of risk can never be eliminated and due diligence processes serve to weed out ineligible criminals. What is incorrect in the arguments brought forward by the critics is that they deem the risks to justify

requests for the closure of the Programmes. When comparing these Programmes with others leading to citizenship, it is often (and probably conveniently) forgotten that, in the latter case, the level of due diligence is (if any) minimal when compared with the scrutiny which IIP applicants go through. Figures published regularly by Eurostat show that the amounts of third country nationals who obtained EU Citizenship through traditional means are significantly higher than those who do so through Citizenship by Investment Programmes. As an example, in its report published on 6th March 2019 Eurostat indicates that there have been 825,400 persons awarded EU citizenship during 2017. During the same period 1328 third country nationals (i.e. 0.16% of all new citizens) were awarded Maltese Citizenship through the Individual Investor Programme. This effectively means that up to 99.84% of third country nationals could have been awarded EU citizenship without an effective due diligence being carried out on them. This clearly puts the ‘concerns’ which critics share on the Maltese IIP in a different light. Since no one will ever consider – and rightly so – clamping down on the right of sovereign states to award citizenship to the afore-mentioned 99.84% of persons who obtained it through non-CBI programmes, the most logical solution would be to ensure that the best due diligence processes are followed, that regular follow-ups are carried out on new citizens after citizenship is granted and that mechanisms are in place for the revocation of such citizenships should it transpire that grounds existed for revocation. It is unfortunate that, when drawing up their reports, most of the rapporteurs declined from putting forward any recommendations on what they considered to constitute best due diligence practices and basically limited their feedback to demanding the strictest of due diligence and the strongest of measures. Given the vague nature of these demands it is quite difficult for the ORIIP to provide any feedback (either in agreement or in disagreement).

In these reports Malta is prominently but unjustly linked to all the perceived negative aspects of Citizenship by Investment Programmes. The Maltese IIP is pictured as the medium through which hardened criminals apply for and obtain Maltese Citizenship in a fast and easy way and, at the same time, due diligence is portrayed as a trivial formality which is easily dispensed with. Whilst the ORIIP completely disagrees with critics’ determination to seek the closure of Malta’s IIP, it also cannot show any respect towards such a conclusion since the arguments which are usually put forward by these critics are founded on baseless allegations, inherent misconceptions, twisted facts and half-truths which they have so conveniently accepted and endorsed without truthfully seeking to consult the fully fledged internationally acclaimed experts on such Programmes and conscientiously analysing all the operations that are currently in place as enticed in the Maltese Individual Investor Programme. .

Positive Comments

For a series of reports which supposedly target and lambaste Malta’s IIP, it is ironic to note that, on the contrary, their allegations are testament to the fact that the local Programme is miles ahead of similar ones operated by other countries. Indeed, the reports reveal that:

- a) Malta and Austria are the only countries which publish lists of new citizens (as reported by TIGW);
- b) Whereas Malta discloses details of how much investment has been raised, 41% of countries operating a similar programme do not (as reported by TIGW);
- c) Whereas Malta takes into account an applicant’s source of funds or wealth when analysing applications, according to TIGW Cyprus and Portugal do not
- d) The high success rates in Hungary (98.7%), Latvia (97.9%) and the United Kingdom (91.1%) raise doubts about the strictness of checks and controls (as reported by TIGW). Given that Malta’s success rate is significantly lower (standing at 75% as indicated in the 2018 ORIIP report), it is logical to consider that Malta’s checks and controls are stricter.

- e) In some countries, citizens are ignorant on how these programmes work (as reported by TIGW). Malta on the other hand publishes (and constantly updates) a wealth of information explaining the different related processes.
- f) Citizens do not know where the investments are ultimately going (as reported by TIGW). In the case of Malta such information is duly publicised.
- g) As reported by the EC, Member States operating such Programmes are urged to publish related information including data on the numbers of received applications, the number of citizenships granted, criteria for assessing applications and security checks. It also expresses its concern that annual reporting exercises are very limited. These concerns are also mirrored in the EP report which includes similar (at times overlapping) recommendations. Considering that Malta is already publishing such information, the EP's and the EC's concerns insofar as Malta is concerned are ironic and should not have been aimed at its IIP.
- h) Many of the recommendations listed in the reports by TIGW were already in place at the MIIPA at the time of their publication, viz:
- All information and documentation provided must be independently verified by the responsible Government Agency rather than by private entities. Similarly, EC recommended that the examination of applications, interviews and any other decision-making or screening activities should always be done by government authorities. **In Malta information and documentation provided by the Applicants through their Agents are verified by the MIIPA and also checked by the Regulator.**
 - Member States should ensure that the applicants' wealth is not disproportionate to their known lawful source of income. **As can be verified by the ORIip (through its monitoring function), the MIIPA always seeks a satisfactory explanation from the applicant in such cases and there have been instances in which applications were refused because of lack of clarity.**
 - Sufficient information is to be obtained in order to give an indication of the volume of wealth and how it was acquired. **This is one of the key processes carried out by the MIIPA during the due diligence phase.**
 - Checks on pending civil/criminal proceedings are to be conducted, in addition to police and security checks. **In all vetted applications, the ORIip has noted that the MIIPA has never relied solely on such checks and has always sought explanations and/or confirmations each time the name of the Main Applicants and/or their dependants is linked with any type of civil/criminal proceedings.**
 - Adequate notes and documents relating to decisions are kept on file. **This information is already retained by the MIIPA.**
 - Citizenship rights, in cases where new evidence of corruption / criminality is uncovered, are revoked. **Such provisions already exist in Malta.**
 - Statistics on the success rates of applications should be published. **Such information is published annually by the ORIip in its reports.**
 - The names of successful candidates should be published. **In Malta names are published annually in the Government Gazette.**
 - Governments should use due diligence to assess the risks an applicant poses not only to the country but to the EU as a whole. **During its vetting sessions, the ORIip has noted that the MIIPA never makes any distinction between applications posing risks to Malta and/or to the EU in its entirety.**
 - All applicants and families should be subject to enhanced due diligence. **The MIIPA carries out enhanced due diligence on all applicants, their dependants and (where applicable) their benefactors.**

The Due Diligence Process

A significant amount of criticism was made on the due diligence process by, at least, some of the rapporteurs who raised questions whether the best due diligence practices were being followed and the level of risk which one was willing to tolerate. The TIGW report spoke of concerns regarding the risk appetite and about arising doubts on the rigour with which due diligence was managed. Similarly, the EP stated that the accuracy and adequacy of due diligence checks were questionable. The rapporteurs unashamedly attempted to prove these negative assertions by making reference to a few persons who ended up in the media for the wrong reasons. Considering, just for argument's sake, that the rapporteurs were right in raising red flags about these persons, it is felt that the Maltese authorities could always apply the provisions of Article 14 of the Maltese Citizenship Act (Cap. 188) and revoke these persons' Maltese Citizenship. But this consideration is being made just for the sake of the argument because, **in reality, at least some of the allegations made are dubious and questionable.** This apart from the fact that there are reasons to believe that the alleged wrongdoings (if any at all) took place **after** their being granted Maltese citizenship.

For example, three of the persons in question were lambasted by TIGW for simply appearing in the so-called "Kremlin list". This is a list of 210 Officials and Businessmen, published by the US Treasury in 2018, which observers and renowned Media organisations report to have been put together haphazardly and included a list of Russian billionaires published by Forbes. The TIGW report even acknowledged that it was not to be considered as a sanctions list and that the three Russians in question were **not** included in a subsequent sanctions list published three months later. The unreliability of the report raises the question as to why these three individuals should have been refused citizenship in the first place.

Notwithstanding the above allegations, the MIIPA does have in place a solid due diligence process and, as has been verified by the ORIip during its vetting sessions, there have never been any doubts on the veracity / accuracy of the collated information and the validity of the ensuing evaluation. It is well documented that the MIIPA has adopted a four-tiered approach which includes checks in international databases, clearance from the Police Authorities, internal due diligence checks/verification and outsourced due diligence. It is this latter process (forming part of Tier 4) which, importantly, provides a most clear picture to the MIIPA allowing it to formulate an opinion as to whether the applicant could be approved or (conversely) rejected. Indeed, in this part of the process due diligence is outsourced to international companies who are commissioned to draw up reports on every family to ensure that as much ground as possible is covered and no stone remains unturned. These checks would include verification of all the information submitted, checks with databases (both international and local) in each of the family's country of residence, and discreet on-the-ground interviews with individuals who know the family.

On such matter it is unfortunate to note that the EP report failed to even make reference to the Tier 4 independent checks by international due diligence companies. Instead it simply stated that (as part of Tier 4) additional checks were carried out in international databases for sanctioned individuals and companies.

Review of Applications

In its report TIGW recommended that the ORIip should undertake a review of all applications handled by a particular Agent in order to determine the presence of any unusual behaviour in the processing of the applications. Particular reference was made to three of the Agent's clients who allegedly paid an extra fee to expedite the process or to get in a good word from someone close to the decision-making. Reference to such matter was also made in the COE report.

Whilst the three applications in question are presently the subject of a judicial review (and therefore not available for vetting) it has to be pointed out that the ORiip does review all applications handled by all Agents (including the Agent referenced in this section).

The role of Henley and Partners

Henley and Partners is the official Concessionaire to the Maltese IIP, who assisted the Maltese Government in the development / launch of the Programme, promoting it in international fora and acting also as an Agent. TIGW, EC and EP all voiced their concerns claiming that its multiple roles produced clear conflicts of interest since it conducted due diligence checks on the very individuals they represented.

In reality all Agents (not only Henley and Partners) are obliged, as per provisions of Legal Notice 47 of 2014, to conduct their own due diligence at the initial stage. The aim of such exercise would be to eliminate, from a very early stage, those applications which should be clearly refused. Subsequent to receiving the Agents' own due diligence, the MIIPA carries out its own process separately and more thoroughly. This is irrespective of who the Agent is and of what the initial checks have revealed.

In view of the above, consequently, there are no conflicts of interest that need to be addressed. **Nonetheless, given that these concerns emanate from outdated provisions within LN 47 of 2014, the ORiip recommends, in line with similar recommendations made in the past, that the Legal Notice in question is amended in order to reflect the actual role of the Company, since the very same launching date of the IIP.**

Transparency

All three reports (by EC, EP and TIGW) recommended that transparency should be increased. In the case of Malta, as already stated, exhaustive information is published in the ORiip's annual report, details of IIP-related expenditure is periodically issued by the Maltese Government and information about the processes are regularly published by the MIIPA. The only point of contention on such matter would seem to be the applicants' country of origin, details of which, in the case of Malta, are not published. In this regard the ORiip does not have any opinion on whether the information should be published or not. Nonetheless it cannot but take note of (and agree with) the MIIPA's decision (presumably based on advice given by the Ministry of Foreign Affairs) to refuse revealing the country of origin as this might prejudice the government's diplomatic relations with other countries. It is also relevant to note that this decision was supported by the Information and Data Protection Commissioner (who was brought into the picture by the Times of Malta after seeking details on the IIP under the Freedom of Information Act). Indeed, the Information and Data Protection Commissioner found that the MIIPA was right in rejecting the request "as the entire information requested is such that the public interest that is served by non-disclosure outweighs the public interest in disclosure".

Special Circumstances

Article 6 of Legal Notice 47/2014 provides a mechanism allowing the MIIPA to recommend an ineligible applicant for approval if special circumstances existed. Such provision was deemed to be controversial by the rapporteurs. They claimed that this granted Government Officials wide discretionary powers and thus potentially provided a back-door entry into the Programme to criminals. Rapporteurs also voiced their concern that the term "special circumstances" had never been defined.

It has to be pointed out that, in more than 4 years of operations, this provision has never been applied. Indeed, as per reply to PQ 2664 (made by the Hon. Karol Aquilina and dated 27/11/2017), no application has ever been qualified as having special circumstances. Similarly, during its vetting, the ORiip has never encountered such type of applications. In view of this, the ORiip is of the opinion that it might make sense that when the afore-mentioned Legal Notice is revised the provision is removed completely so as to assuage any fears by critics that it is a loophole which can be abused.

Harmonisation and Exchange of Information

TIGW, EP and EC all agreed that there is neither information sharing nor any consultations taking place between EU authorities and Member States on individuals who had their application turned down due to security issues or exposure to risk. They claimed that the lack of co-ordination and commonly agreed criteria leave room for “shopping around” for the most lenient conditions. The ORiip agrees with this evaluation and notes that this is actually already taking place. Indeed, as pointed out by the MIIPA in October 2018, there have been at least two instances of IIP applications that were turned down by Malta but were then accepted by other countries. Consequently, the ORiip would support any initiatives taken to rectify such anomalous situation. In this regard, the ORiip welcomes the European Commission’s setting up of the Group of Member State experts on Investor Citizenship and residence schemes which specifically aims to address these issues, in particular by developing a common set of security checks for investor citizenship schemes.

Setting up mechanisms for receiving reports and for reviewing problematic cases

In its report TIGW recommended that a mechanism should be set up providing for the receipt of critical reports (such as those made by whistle-blowers) and for reviewing problematic cases. The ORiip feels that, in view of its impartiality, it is the most ideal candidate for taking up the role of handling, reviewing and taking action on such matters. Indeed, as per provisions of Article 25A of the Maltese Citizenship Act, it is already entrusted to deal with complaints and the afore-mentioned roles could legally be allocated to it as per Article 25(4) which states that the Prime Minister may by Regulations assign to the Regulator any other function related to citizenship.

Checks on Benefactors

In its report TIGW stated that one aspect of the screening and due diligence process that may pose risks was that applicants were not required to “purchase the passport” using their own funds and may rely on a benefactor to make the investment on their behalf. It claimed that while the benefactor was required to submit a declaration of their sources of wealth and funds, the law did not specifically require the conducting of enhanced due diligence on the benefactor. TIGW added that, if no additional checks were undertaken, there may be a risk of money laundering, as applications of individuals with clean criminal record could be financed by a dubious benefactor using illicit funds.

From the outset it has to be clarified that, as part of the due diligence process, benefactors pass through the same scrutiny as applicants and dependants alike. This has been verified by the ORiip during its vetting sessions. Indeed, the ORiip is aware of cases in which the application is rejected due to negative information found on the benefactor rather than on the applicant and/or dependants.

Nonetheless, in order to ensure that there are conditions which legally oblige the Agency to conduct enhanced due diligence on the benefactor, the ORIip recommends that the related provision is included in a revised Legal Notice.

Covering letter sent to the Minister

In its 2017 report, the ORIip had indicated that the MIIPA's communication to the Minister, involving recommendations for whether or not to approve an application, were usually not explicit enough about the red flags identified during the due diligence process. TIGW picked upon this in its report, expressing its concerns and pointing out that it remained unclear if or what measures had been taken.

To be clear, this point was never deemed to be a major issue since the document in question was simply a covering note for the more comprehensive dossier attached to it. Furthermore, from its own investigations, the ORIip established that there were no instances whereby covering letters lacking proper information led the Minister to take a decision which was contrary to the one that would have been taken if it were based on the contents of the comprehensive dossier.

Nonetheless, in order to clarify what measures had been subsequently taken, it is relevant to point out that in the ORIip's 2018 report it was indicated (in Section 4.0) that the details of the rationale for the recommendations taken by the agency, which were previously annexed within the files sent to the minister, were now being summarily reproduced in the covering letter.

Unclear Data

The EP rapporteurs stated that publicly available data was not consistent. They based this claim on figures they found in the ORIip's second annual report (published in 2015), claiming that the numbers were unclear. They pointed out that although a total of 245 applications was mentioned on page 6 only 75 letters of approval were mentioned on page 7 and 11 applications had been rejected, implying that the remaining 159 applications were unaccounted for.

In actual fact there is a very clear and simple reason why the figures do not tally. The time lapse from the date of application till the date when a decision is taken (to be accepted or rejected) is usually more than 4 months. Indeed, as indicated in the ORIip's 2018 report, only 3% of letters of approval were issued within 120 days from the date of application, 45% of letters of approval were issued between 120 and 180 days from the date of application whilst 52% of letters of approval were issued after the lapse of 180 days from the date of application. Therefore, it stands to reason that the 159 applications which, in the 2015 report were, according to the EP, "unaccounted for" would have been cases received by the Agency during the ORIip's reporting period and concluded AFTER the said reporting period. Consequently, these would have been included in the figures reported in the ORIip's 2016 report.

In its subsequent reports the ORIip started clarifying this matter, explaining that the quoted figures for approved / withdrawn / rejected applications did not tally with those recorded for applications submitted to the Agency, the reason being that there was a time-lapse during which an application was processed and that therefore a significant number of the applications received up till June 2016 would have still been in the initial stages and thus their outcome would have been reported in the following year's report.

Unfortunately, it would seem that the EP rapporteurs did not read such clarification since otherwise they would have surely deemed publicly available data to be consistent.

Genuine Links

The TIGW report considers the discretion which the Maltese authorities enjoy (in determining the extent to which a genuine link commitment is considered sufficient) to lead to conflicts of interest and to offer opportunities for corruption and favouritism. It quotes the ORIip's 2015 report in which there was reference to an approved agent's suggestion that the Agency was pointing applicants to specific charities for donation purposes. It has to be pointed out that, at the time, the incumbent Regulator had stated that the ORIip was not in a position to verify such claim. It is also relevant to note that this matter was never raised by any Agent in any subsequent meetings held with the Regulator. Furthermore, as can be noted from the reply to PQ 30084 (dated 1 February 2017), up till such time there were 55 different entities that had benefitted from such donations. In addition, data contained in Section 2.7 of this report shows that this diversification has been constant, with 34 Organisations benefitting between July 2017 and June 2018 and 36 Organisations benefitting between July 2018 and June 2019. Such data challenges the allegation made by the solitary agent at the time.

TIGW acknowledged such list, adding, however, that the information is not made regularly available for public scrutiny. In this regard the ORIip agrees that such information should be published regularly and, in accordance with the MIIPA who has supplied the relevant data, has now started including it in its Annual Report.

4.8 Action taken by the ORIip following Allegations appearing in the Media

Similar to action taken by the ORIip in the past, allegations on IIP-related matters which were published in the Media were (where appropriate) investigated and regularly followed-up. This has always been carried out also in consultation and collaboration with the MIIPA and (if required) with other stakeholders.

As indicated in Section 3.2 of this report, amongst the main IIP-related news items appearing during the period in question were the two incidents involving two IIP citizens allegedly involved in criminal activities. In this regard the ORIip has constantly monitored related developments and, accordingly, is informed that – by the deadline for publication of this report (i.e. 30 June 2019), the MIIPA had requested that the citizenship deprivation process would be initiated in the case of one application, in line with the provisions of Article 14 (1) of the Maltese Citizenship Act which states that a person may be deprived of his Maltese Citizenship if it results that this was obtained by means of fraud, false representation or the concealment of any material fact.

4.9 Analysis of Media Reportage following publication of the ORIip's 2018 Annual Report

Introduction

Throughout the years it has become customary for the ORIip to be brought into the limelight immediately following the publication of its annual report. Usually the highlights would be bits of statistical information revealing data such as how many applications were processed and how many funds were collected. In the aftermath of the publication of the 2018 report however, apart from the afore-mentioned information, there were two other points which made the headlines. These points were harshly criticised and vehemently opposed by a section of the media in general and by the detractors of the programme in particular. These points were related to banking issues and to the age-old controversy of annual publication of names in the Government Gazette.

It has to be stressed that the ORIip respects the opinion of those who felt that such points shouldn't have even been mentioned, let alone discussed. Nonetheless, given that related reactions were blown out of proportion by some quarters, it is felt that some clarifications are in order.

Banking Issues

In the first section of the 2018 Report (titled "Foreword by the Regulator") it was stated that *"... [financial] institutions must not continuously put at undue risk the running of this Programme because in doing so they are directly or indirectly jeopardizing both Government's and the MIIPA's initiatives towards a more efficient and effective running of the programme including a speedier collection of all contributions that are legally due to be passed on to the Maltese coffers within a particular time-frame in terms of Cap 188 and Regulations made there-under. If our financial institutions cannot possibly work towards this aim because of a number of over-rigid and very often insensitive and insensible measures that they are required to implement because of their international obligations, then undoubtedly a totally different legal route needs to be devised without further undue delay. This would ensure that these dues get through to Malta's coffers in an orderly manner without obliging a successful applicant and the MIIPA to pass through the unwarranted and uncalled-for ordeal brought about by local banks ..."*

Such observation was based on a combination of factors, namely comments by related stakeholders (the MIIPA and the IIP Agents) and documentation in various application packs (vetted by the ORIip) which revealed the extent of problems encountered by applicants in order to open local bank accounts, leading them to seek extensions in order to fulfil their IIP obligations. It is also based on media articles/comments in general which expose the problems encountered when someone, especially someone who is a foreigner, attempts to open a new bank account. To be clear, there were no pressures (as some detractors will probably allege) on the Regulator to issue such statement. In reality, it is the Regulator's obligation, in line with his remit – as established within Article 25(3) of the Maltese Citizenship Act – to keep under review all aspects of the individual investor programme, to highlight stumbling blocks in order to – at least – create awareness about this problem.

What the Regulator was referring to, by making such comment, was that the local banking institutions would seem to have gone overboard when carrying out such processes making life extremely difficult for anyone (IIP-related or otherwise) to open an account. This observation is based also on comments appearing regularly in the media, as can be noted hereunder:

- a) In a 7th December 2018 Article in the Times of Malta, the reporter stated that the Malta Financial Services Authority had launched a drive to resolve the complaints of a number of people complaining about difficulties encountered in opening a bank account. It quotes sources claiming that banks were not exactly falling over themselves to offer related services.
- b) On 19th September 2018 MaltaToday reported that a mystery shopping exercise by the Malta Financial Services Authority had found practices that breach EU rules on opening bank accounts, especially for foreign customers.
- c) An opinion piece uploaded on the site lovinmalta.com claimed that opening a bank account in Malta as an expat (even as an EU citizen) was hard as hell. The article claimed that trying to open a bank account as a foreigner in Malta has now reached ridiculous levels and that "there's a better chance of going to the moon and dancing on it".

- d) An article published on the site theshiftnews.com in 2018 claimed that Maltese banking practices were under European Commission scrutiny because EU citizens in Malta faced a “long and frustrating” process to open bank accounts.
- e) In the report covering one of the visits carried out by Members of the European Parliament Ad Hoc Mission on the rule of law in Malta there was reference to a meeting held on 1st June 2018 in which it was stated that “the Anti-Money Laundering legislation requirements made it very difficult to open bank accounts”.

Whereas no particular negative reactions have been noted each time (as per above), third parties made reference to difficulties being encountered in the banking sector, the same did not apply in the case of the Regulator whose mere mention of the fact eventually sent the detractors of the Programme flying off to a tangent. Indeed, comments in the Media about this observation could not have been nastier. The Regulator was accused that he was requesting that banks should be more lax, that he was telling them not to bother checking money of “dodgers” “buying” Maltese passports and that he wanted to bypass the due diligence of reputable banks. The 20th December 2018 editorial by the Malta Independent even goes as far as reporting the Regulator claiming that the banks’ due diligence is unwarranted and an uncalled for ordeal.

In order to put the records straight, by highlighting the banking issues and by suggesting that – if the issues are unresolved – other legal means should be identified, the Regulator was suggesting, requesting or claiming **none** of the above allegations. Due diligence should continue to form a key part of banking institutions’ procedures which are in place whenever a person attempts to open an account. Likewise local and international obligations should continue to be respected in their entirety.

Publication of Names in the Government Gazette

In Section 6.4 of the ORiip’s 2018 report it was stated that:

“ ... [The publication of names in the Government Gazette] was introduced in order to ensure a degree of transparency within the programme. It has been noted that, on the one side ... there is concern by stakeholders about placing the names in the public domain and that, on the other side ... there are allegations that the publication of the list is not enough. It is therefore clear that any aims behind the publication of the names is not being reached.”

The ORiip then proceeded by stating that *“On such matter the ORiip will not be drawn into the controversy as to whether the names should be published or not. Instead it is recommending that Government should consider researching alternative means that would ensure a better degree of confidentiality whilst ensuring some peace of mind to the programme’s detractors that the potential IIP citizens are being adequately scrutinised. In this regard reference is made to the recommendation by one of the Agents ... and which the ORiip deems to be worth considering, who suggested that, instead of being published in the Government Gazette, the list should be subjected to parliamentary scrutiny whereby the Members of Parliament having access to the data would be bound by an Oath of secrecy.”*

Similar to the previous observation (regarding banking issues) many of the critics (namely a section of the media in general and by the detractors of the Programme specifically) came up with their own interpretation of why this observation was made. In particular they claimed that the Regulator was bemoaning the fact that the names are not kept secret and that he was being pressured by the Agents who have demanded secrecy for the global rich paying over a million for Maltese Citizenship.

The key phrase to be considered when one tries to reason what spurred the Regulator to come forward with this recommendation is that the original aims behind the publication of the names **were not being reached**. The latching onto the recommendation by one of the Agents was

done in order to show that alternatives existed and was based on the (erroneous, it would seem) assumption that – as representatives of the society as a whole – MPs would be able to ensure some peace of mind to the programme’s detractor that the potential IIP citizens are being adequately scrutinised. Given the barrage of criticism which such observation received, it is obvious that it gives no peace of mind and therefore it does nothing to address the situation. Thereby it is not considered feasible as a solution.

With specific reference to the allegations on the intentions of the Regulator it has to be stressed that he was neither pressured by the Agents nor was he championing their requests. Indeed, some of the Agents had actually informed the Regulator that their clients were informed beforehand about such requirement and that therefore, by the very fact that they opted to proceed, they had accepted it without reservations. Furthermore, as explained above, it was never his intention (implicitly or explicitly) to insist that the names of such persons be kept secret – he was simply referring to the **obvious** situation that the aims behind the publication were not being satisfactorily reached.

In conclusion special mention should be made to one particular media article which – although it is being singled out – actually epitomises the aggressive stance adopted by some of the reporters who (accidentally or deliberately) trod into the realms of fantasy in order to denigrate the observation as much as possible. The article was titled “IIP Regulator wants only MPs to see Maltese golden passport names” and was published on 16th December 2018 on MaltaToday:

- The Article started immediately on the wrong foot by claiming that the IIP Regulator wants only MPs to see the names – the Regulator (as explained above) actually wanted that a solution acceptable to all would be found;
- The reporter then claimed that the Regulator was reacting to pressure from agents who wanted the names of their prized clients kept secret. Again (as also explained above) this is not true. As indicated in Section 4 of the 2018 report, meetings with Agents were held at the initiative of the Regulator himself, with no pressure whatsoever being placed on the latter regarding any of the discussed matters;
- The reporter also claimed that this compromise could fall foul of democratic requirements of transparency. The use of the term “could” in such statement is appropriate because it is a conditional verb indicating that what the reporter was claiming might be true or not. With the same reasoning one might state the opposite, namely that publishing the names could fall foul of democratic requirements of data protection;
- The reporter indicated that the Regulator said that instead of being published in the Government Gazette the list should be subjected to Parliamentary scrutiny. In reality the Regulator wanted nothing of the sort. As already explained, he was suggesting that Government researched alternative solutions which could be acceptable to all and that the recommendation by the agent was deemed to be worth considering obviously subject to it being (as already stated) acceptable to all;
- The reporter warned that any deviation from the present practice would effectively create a discriminatory, and possible illegal, differentiation between IIP citizens and people naturalised in Malta by marriage or after having been residents here for at least 18 years. With such statement the reporter therefore implied that the Regulator was suggesting that whilst the names of IIP citizens would be removed from the Government Gazette, the names of non-IIP citizens would continue to be published regularly. Whilst it has to be stressed that the ORiip only mentioned IIP citizens because its remit only covers such category of persons, the Regulator deems that common sense would dictate that if the requirement to publish the names were to apply in the case of IIP citizens, then this would apply also in the case of non-IIP citizens.

Therefore, the observation was never put forward with the intention of creating any discriminatory or illegal differentiation;

- The reporter claimed that, according to the Regulator, the publication of names is an area of major concern for Agents, especially the names of the itinerant rich are given media attention or bad publicity, usually owing to some questionable backgrounds. The poor construction of the sentence leads one to understand that the allegations are being made directly by the Regulator. In reality, in the 2018 report the Regulator never singled out any “itinerant rich” and never claimed that any of the IIP citizens had “questionable backgrounds”.

It is relevant to point out that, following the publication of this article, the ORiip contacted the MaltaToday reporter and exercised its right of reply by submitting the following response:

“Suggestion on IIP citizens’ anonymity

Reference is made to MaltaToday’s article by Mr Matthew Vella, dated 16 December 2018 and titled “IIP Regulator wants only MPs to see Maltese golden passport names”. In this regard the Regulator (IIP) wishes to clarify three points mentioned therein and which are incorrect and/or misleading.

First of all the article claims that the Regulator wants the names of the Maltese citizens in question to be seen only by MPs. This is incorrect. Within the report the Regulator made it clear that his Office will not be drawn into the controversy as to whether the names should be published or not. Instead he recommended that Government should consider researching alternative means that would ensure a better degree of confidentiality whilst ensuring some peace of mind to the programme’s detractors that the potential IIP citizens are being adequately scrutinised. In this regard, the Agent’s recommendation (for applicants to be subjected to parliamentary scrutiny) was deemed by the Regulator as “worth considering” and therefore recommendable only if it qualifies as a viable alternative means.

Secondly the article alleges that the Regulator’s recommendation is being put forward to please the Agents. This is also incorrect. The Regulator’s recommendation (for Government to consider researching alternative means) is clearly being put forward – as indicated within the 2018 report – in order to address the concerns of both those who allege that the publication of names is not enough and those who are contrary to the placing of names in the public domain. It is important to note that the aim behind any recommendations put forward by the Regulator is to ensure a fair application of the provisions of the IIP Regulations to the satisfaction (as much as possible) of all, including those who are in favour of the Programme and those who are against.

Thirdly the article infers that the Regulator’s recommendation could fall foul of democratic requirements of transparency. Again, this is incorrect. It is obviously a sine qua non that any recommendations by the Regulator which deviate from the provisions of existing IIP Regulations would need to be accompanied by related amendments to such Regulations. It is neither the Regulator’s intention nor is it within his remit to recommend anything which is construed as a clear departure from the transparency necessitated by the law.”

Whereas the original article was published in the online edition of the MaltaToday, publication of the above communication was limited to the 23rd December 2018 printed edition of the Malta Today on Sunday, appearing on page 19. In an accompanying editorial note the newspaper admitted that, although justifiable, the manner how the article was written contained subtle differences in meaning (the word used was “nuance”).

4.10 ORiip's Participation in Organised Events

During the period covered by this Report, the ORiip participated in the Second Annual Malta Workshop which was hosted jointly by the Investment Migration Council and the Office of the Prime Minister and was held at the Westin Dragonara Resort in St Julian's, Malta on the 19th of October, 2018. The theme of this Workshop was 'Advancing the Residency & Citizenship by Investment Dialogue'. Following an overview and a comparison of the various European RBI and CBI Programmes the main topics discussed revolved around:

- The global real estate market for high net-worth individuals;
- Malta and the Individual Investment Programme;
- Building a framework of professional standards and education;
- An industry perspective from an academic's point of view;
- The multiple layers of the due diligence checklist;
- The role of the Malta Residence & Visa Agency (MRVA);
- The application of blockchain in the investment immigration industry;
- Blockchain technology as a path to virtualization of citizenship; and
- Blockchain and Smart contracts - an overview, regulation and applications.

This Workshop, which was an overall success, brought together from around the world key industry stakeholders, academics, bankers, accountants, lawyers, real estate agents, investment advisors, government officials as well as other professionals involved in Global Citizenship in a stimulating and learning environment.

Another quite interesting event in which the ORiip participated was the Second Citizenship by Investment Due Diligence Conference which was organized by the Malta Individual Investment Programme Agency at the Intercontinental Hotel in St Julian's, Malta on June 11, 2019.

This Conference agenda focused mainly on:

- Strengthening good governance frameworks;
- Enhanced due diligence in a busy regulatory environment;
- The future of due diligence investigations;
- The business transparency and its impact on the fight against financial crime;
- Verifying cryptocurrency accounts of investors;
- Hacking;
- Conducting due diligence research in challenging jurisdictions;
- Enhanced customer due diligence; and
- New qualifications and proper certifications for the investment migration industry.

This Conference, too, was a huge success, bringing together once again from around the world all those involved in one way or another in the investment migration industry, be they professionals, practitioners, investment advisors or government officials sharing their own experiences and knowledge in the performance of this industry particularly insofar as due diligence is concerned and the difficulties encountered in this sphere.

5.0 Recommendations based on observations made by the ORiip in this Report

The recommendations made within this Section are based on observations made within the other Sections of this Report. Recommendations made in previous reports and which, at the time of writing, are still pending are also included.

5.1 Carry out Legal Amendments

The ORiip is aware that Legal Notice 47 of 2014 (Individual Investor Programme of the Republic of Malta Regulations, 2014) is presently being reviewed. One trusts that, as part of this exercise, one takes into consideration the substantial number of recommendations which have been included in the ORiip's previous reports, including (but not limited to) a revision of existing timelines and changes to existing application forms.

5.2 The Complaints Procedure

This matter has been amply discussed in previous reports whereby it was made clear that it had remained pending since it was a legally moot point whether the Regulator can in fact intervene and review rejections once, at law, the Minister's decision in this respect is final and cannot be appealed against. Nonetheless, considering that the provision to prescribe a complaints procedure forms part of the Maltese Citizenship Act (Cap.188) it is recommended that a decision is taken on how to proceed.

In this regard the Regulator considers that the best way forward would be to review complaints and reach one of two decisions:

- Either to uphold the Agency's recommendation to refuse the application; or
- Disagree with the Agency's recommendation to refuse the application.

In both instances the Regulator would inform the Minister accordingly. In the case of disagreement with the original decision, there will be no obligation on the Minister to review his initial decision. Instead it shall be his prerogative to decide whether to change the original decision or not.

5.3 Sanction Agents who provide poor quality applications

This recommendation was included in the 2016 and 2017 reports and was originally aimed at Agents who were presenting applications deemed to be of poor quality (to an extent that, at times, the documentation had to be returned in order to be reviewed properly). Whilst the quality of applications has, throughout the years, improved, the ORiip has noted instances whereby some Agents presented applications in which it would have been clear – if proper preliminary due diligence checks had been properly carried out – that they were inherently ineligible (since the applicant and/or the dependants did not satisfy the related criteria). Whilst there were never any risks that these applicants might have slipped through the MIIPA's rigorous due diligence process (they were ultimately all rejected), one cannot fail but note that MIIPA staff would have to waste time and energy in order to process applications that were destined for rejection. In view of this, the ORiip recommends that, in cases where it is blatantly

clear that the applications should not have even been presented, the Agents presenting them would be sanctioned accordingly.

5.4 Letters of Extension

As indicated in Section 4 of this report the instances in which an extension was communicated to the Agent proved to be the exception rather than the rule, even though the 120-day time limit was exceeded in nearly all cases. Considering that this is covered in Article 7(5) of LN 47 of 2014, the ORiip feels that it should request that extensions are issued whenever applicable.

5.5 Final checking of the Application pack

As indicated in Section 4 of this report under its sub-sub-heading 'Vetting Observations', it is highly recommended that the MIIPA delegates an official with the task of ensuring that, for each application, the documentation is proper and in place as soon as all the related processes are finalized.

APPENDIX 'A'

ARTICLES 25 AND 25A OF THE MALTA CITIZENSHIP ACT (CAP. 188)

25. (1) The Prime Minister, after consulting the Leader of the Opposition, shall appoint as a Regulator for the purposes of the correct implementation and monitoring of the individual investor programme, a person who has held the office of Judge or Magistrate, or who has held the office of Attorney General, or Permanent Secretary or who has practiced as an advocate in Malta for a period of at least twelve years:

Provided that during such time when a Regulator is not appointed the Ombudsman appointed under the Ombudsman Act shall act ex officio as Regulator.

(2) The Regulator shall hold office in accordance with the terms of his appointment.

(3) In addition to his functions under this Act and such other functions as may be assigned to him under any law the Regulator shall keep under review all aspects of the individual investor programme.

(4) The Prime Minister may by regulations assign to the Regulator any other function related to citizenship.

(5) In the discharge of his functions under this Act, the Regulator shall act in his individual judgment and shall not be subject to the direction or control of any other person or authority.

(6) It shall be the duty of any person involved in the administration of the individual investor programme or of any other matter in relation to which the Regulator is assigned functions under sub-article (4) to disclose or give to the Regulator such documents or information as he may require for the purpose of enabling him to discharge his functions.

(7) The Regulator may at any time report to the Minister on any matter relating to the discharge of his functions under this Act.

(8) The Regulator shall make an annual report on the discharge of his functions to the Minister which annual report shall not include personal data relating to individuals who have acquired Maltese citizenship under the individual investor programme.

(9) The Minister shall lay a copy of each annual report made by the Regulator under subarticle (8) on the Table of the House as soon as possible after the report is made to him.

25A. The Regulator shall also investigate complaints about the individual investor programme in the manner prescribed under this Act.

APPENDIX 'B'

ORiip Operational Guidelines

Office of the Regulator

Individual Investor Programme (ORiip)

Operational Guidelines

Governance Arrangements for the Office of the Regulator

Version	2
Date	11 December 2018

1.0 Interpretation

01. Unless specifically intended to mean the contrary:
 - a. Words noting the singular shall include their meaning in the plural and vice versa;
 - b. Reference to any gender shall include every other gender;
 - c. Reference to any Act of Parliament or Regulations shall include any amendment and/or substitution thereof, as currently in force at the relevant time;
 - d. Reference to “the Regulator” also applies to those engaged within the Office of the Regulator or who are acting on his behalf;
 - e. A requirement in these Operational Guidelines (OGs) for liaison and consultation is a requirement for a full and frank discussion and includes a requirement where necessary and appropriate, for full disclosure of relevant information and material.
02. “Act” shall mean the Maltese Citizenship Act (Cap. 188).
03. “Regulations” shall mean the Individual Investor Programme of the Republic of Malta Regulations, 2014 (L.N. 47 of 2014).

2.0 Better Regulation

04. In general, where the Regulator needs to consult stakeholders, the provisions of Directive No. 6 "Consultation Exercises with Stakeholders" issued on 24 February 2011, shall apply. However, the following principles shall also apply.
05. The Regulator shall seek to avoid imposing unnecessary regulatory burdens, for example by considering how one can best minimise negative economic impacts of the regulatory activities and compliance costs and encourage and promote compliance.
06. In responding to non-compliance, the Regulator should clearly explain what the non-compliant item or activity is, the advice being given, actions required or decisions taken, and the reasons for such. The Regulator should provide an opportunity for dialogue in relation to the advice, requirements or decisions, with a view to ensuring that he is acting in a way that is proportionate and consistent. This paragraph does not apply where the regulator can demonstrate that immediate enforcement action is required to prevent or respond to a serious breach or where providing such an opportunity would be likely to defeat the purpose of the proposed enforcement action.
07. The Regulator shall provide advice and guidance to allow the Malta Individual Investor Programme Agency (hereinafter referred to as the MIIPA) to better understand its role and responsibilities.
08. The Regulator shall seek to create an environment in which the MIIPA can have confidence in the advice it receives and feel able to seek advice without fear of triggering enforcement action.

3.0 The Regulator

09. Article 25 of the Malta Citizenship Regulations (Cap 188) provides for the appointment of a Regulator “*for the purposes of the correct implementation and monitoring of the individual investor programme*”. The Individual Investor Programme (IIP) is currently governed by Legal Notice 47 of 2014.
010. Specifically, with reference to Article 25 para 3, which states that “*the Regulator shall keep under review all aspects of the individual investor programme*” and specifically, with reference to Regulation 13(7) which vests the Auditor General with the audit of the Funds, the Regulator shall take the overall context to mean that any regulation of the Fund shall lie strictly within the domain of the Auditor General and the Regulator shall not overlap this jurisdiction in any manner whatsoever.
011. The Regulator is appointed by the Prime Minister after consulting the Leader of the Opposition.
012. Any person appointed as Regulator should be a person who has held the office of Judge or Magistrate, or who has held the office of Attorney General, or Permanent Secretary or who has practiced as an advocate in Malta for a period of at least twelve years. During any period in which the Regulator is not appointed, the Ombudsman shall act *ex officio* as Regulator.
013. The Regulator shall act in his individual judgment and shall not be subject to the direction or control of any other person or authority.
014. The Regulator may request any information from any person involved in the administration of the individual investor programme and it shall be the duty of that person to disclose or give to the Regulator such documents or information as he may require for the purpose of enabling him to discharge his functions.
015. The Regulator may at any time report to the Minister responsible for the Individual Investor Programme (IIP) on any matter relating to the discharge of his functions.
016. The Regulator shall make an annual report on the discharge of his functions to the Minister. The annual report shall not include personal data relating to individuals who have acquired Maltese citizenship under the IIP.
017. The Regulator is also empowered to investigate complaints about the IIP. To this effect the Regulator shall determine, as prescribed, in which manner any investigative procedure will be detailed (e.g. regulations, administrative procedure etc).
018. The Regulator shall, in respect of Article 25B of the Act provide the Monitoring Committee with any information as and when requested.
019. The Office of the Regulator shall be known as the ORiip.

4.0 The Individual Investor Programme

020. The IIP is intended as an enabler to allow for the grant of citizenship by a certificate of naturalization to foreign individuals and their families who contribute to the economic development of Malta.
021. The MIIPA is the government entity responsible for the IIP. Hence the Regulator will regulate the MIIPA in terms of the IIP function. Paragraphs 22-27 hereunder summarise the key elements of the IIP.
022. The Regulations detail the specific provisions of how an applicant is to apply under the IIP and the conditions that have to be satisfied.
023. The MIIPA has appointed a concessionaire in respect of the IIP and will also be responsible for licensing Agents.
024. The MIIPA may, from time to time, issue procedural guidelines to specify the operational aspects and interpretations. These will also form part of the basis on which the Regulator will discharge his duties.
025. The number of successful main applicants, excluding dependants, shall not exceed one thousand and eight hundred for the whole duration of the programme.
026. 70% of contributions received by the MIIPA under the IIP as may be reduced by the relative commissions payable in terms of the provisions governing the IIP shall be paid to the National Development and Social Fund and 30% to the Consolidated Fund.
027. The IIP needs to safeguard Malta's international obligations and good reputation as a worthy, transparent and reputable financial centre and a jurisdiction for international business.

5.0 Regulatory Supervision of IIP Provisions

028. The Regulator intends to develop an ongoing collaborative working relationship with the MIIPA on matters of procedure whilst remaining separate, and be seen to do such, in respect of any operational activities for which the MIIPA is responsible. This, with a view to establish a clear understanding of the procedures, interpretations and any other recommendations to be adopted in the implementation of the IIP.
029. As a general rule, the ORiip will not undertake parallel studies (e.g. due diligence processes and procedures) as undertaken by the MIIPA in its operations although up to a certain degree the Regulator might verify, if he so deems fit and proper, their correctness in general terms where doubts would have been raised by third parties.
030. Regulatory interventions are envisaged to be of two main types:
- a. Overall compliance – that is ensuring, through a risk management approach, the checking of possibly all (i.e. 100%) applications received by the MIIPA;
 - b. Specific compliance – in respect to specific cases where a complaint with the Regulator in respect of an application is filed.
031. The Regulator will present an annual report to the Minister who, in turn, shall lay same on the Table of the House. The annual report is envisaged to include:
- a. An overview of the development of the Individual Investor Programme;
 - b. Statistics on the number of applications received, processed and decided as well as a breakdown of the characteristics of those granted Maltese citizenship (by gender, age, nationality etc.);
 - c. Details of activities carried out by the ORiip in the fulfilment of obligations emanating from the provisions of the IIP regulations, namely the regular vetting of the IIP applications (both those which were approved and those which were refused) and ad hoc initiatives undertaken to address any issues which might have cropped up during the period in question;
 - d. Feedback from IIP stakeholders on relevant areas;
 - e. Succinct resume' of themes appearing in the public domain (in particular either raised in parliament through the submission of parliamentary questions and/or published in the Media);
 - f. Recommendations for future action.

The report shall not include personal data relating to individuals who have acquired Maltese citizenship under the individual investor programme nor any reference to the proceedings of the Monitoring Committee.

6.0 Governance Principles

032. The Regulator will act on the following governance principles:

- a. Outcome focused – activities will be:
 - i. focused on the underlying regulatory objectives;
 - ii. represent the most effective and efficient course of action;
 - iii. coherent, working towards common purposes and objectives;
 - iv. flexible, innovative and practical.
- b. Proportionality and efficiency:
 - i. scope and nature of regulatory measures should match the benefits that may be achieved;
 - ii. generate the greatest benefits from the resources employed;
- c. Responsive:
 - i. responsive to the particular circumstances that may prevail;
 - ii. tailoring their approach to account for the circumstances of each individual case;
- d. Transparent and accountable:
 - i. actions should be open and transparent to encourage public confidence and provide certainty and assurance for the MIIPA;
 - ii. legislation should be fairly and consistently administered and enforced;
- e. Independent:
 - i. integrity and objectivity of regulatory actions;
 - ii. eliminate actual or perceived conflicts of interest that may impinge, or be seen to impinge, upon objective decision-making;
- f. Communicative:
 - i. operate in a dynamic context made up of effected stakeholders both public and private including the general public;
 - ii. exchanging operational information with other government agencies;
 - iii. develop appropriate relationships with the regulated sector.

7.0 Routine Regulatory Operations (RROs)

033. Routine Regulatory Operations (RROs) are those regulatory functions which shall be carried out on a regular basis and which are meant to demonstrate compliance to the Regulations.
034. RROs include the assessment of the operational capacity and infrastructure of the MIIPA to implement the Regulations. Such an assessment will be conducted in consultation with the MIIPA.
035. RROs include the asking for, and being provided with, any information that the ORiip may request from any natural or legal person referred to in the Act or Regulations, public or private, in connection with the IIP.
036. RROs include vetting applications received, processed and concluded to ensure that they have been processed in conformity with the Regulations.
037. RROs include the compilation of statistics of applications received, approved and rejected as well as the origin of the applicant and the nature of the investment made in conformity with the Regulations.
038. RROs shall include the preparation of an annual report for presentation to the Minister for laying in Parliament.
039. RROs shall also include keeping up to date with the development of similar schemes, their terms and conditions, in other EU or International States.
040. RROs shall also include the formulation of advice to Government, the Minister and the Monitoring Committee on any aspect of the IIP and its administration.

8.0 Specific Regulatory Operations (SRO)

041. Specific regulatory operations are those regulatory functions which shall be carried out in response to an official complaint against the MIIPA in its capacity as the administrator of the Individual Investor Programme of the Republic of Malta Regulations (LN 47 of 2014).
042. Upon receipt of such complaint, the ORiip shall notify the MIIPA and request access to the relevant application documentation. If deemed necessary the ORiip may request the MIIPA's position in respect of that particular case.
043. The ORiip reserves the right to call in any party involved in the complaint to gather evidence as to the case in question.
044. The ORiip shall examine each case and determine whether the Regulator can make a direct recommendation to the Minister or whether it would seem more appropriate for the MIIPA to revisit the case.
045. Recommendations made by the ORiip in terms of paragraph 044 above shall be sent to the Minister and the MIIPA and may, depending on the outcome of the investigation and if the Regulator so deems fit, be copied to the complainant or any third party deemed relevant to the case under examination.