

Office of the Regulator



Granting of Citizenship for Exceptional Services

Seventh Annual Report on the
Individual Investor Programme*
of the Government of Malta
(1st July 2019 – 31st December 2020)

April 2021

**Applications for this Programme were accepted till 14th August 2020, but applications for the Residency document with the aim of applying for Citizenship by investment submitted prior 15th August 2020, continue to be assessed under the provisions of this Programme.*

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Foreword by the Regulator

This Report - which is my fifth since my taking up office as Regulator of the Individual Investor Programme in February 2016 and the seventh in its series – is being drawn up in terms of sub-article 8 of Article 25 of the Maltese Citizenship Act, Cap. 188. It covers the period from 1st July 2019 to 31st December 2020 – a full 18 months' period – since it has been decided that as from the year 2021 onwards the yearly Report would be covering a full calendar year, i.e. from the 1st of January till the 31st of December, both dates included.

Unfortunately, the still ongoing outburst of the Covid-19 pandemic as of late 2019 dealt a heavy blow to the prospects of hopefully reverting the downward trend in applications for Maltese citizenship through the Malta Individual Investor Programme and witnessing instead an upward trend which had previously been much awaited. The months-long closure of Malta's International Airport and Seaport for passenger traffic, as well as other airports and seaports world-wide, likewise affecting passenger traffic, practically brought the finalization of applications to a standstill and the granting of citizenship to many of the successful applicants postponed *sine die*. This said, I do need to point out that as the Programme was close to reaching the pre-established quota of 1,800 successful applications, in the midst of the pandemic, Government embarked on the revisiting of the provisions governing this Programme in a sincere effort to tackle those issues which seemed to unduly raise harsh criticism emanating from fears of possible money laundering and other financial criminal activity or abuse which in true fact have never been brought to light and proven by those heavily criticising the Malta Programme as well as its detractors. While on this issue I cannot resist in showing my utter perplexity to the fact that after so many years during which several institutions both national and international have openly voiced their doubts as to the seriousness of the Malta Programme in all its aspects, they have to date failed to get in touch with my Office to witness with their own eyes how my Office is meticulously scrutinizing to the minutest detail the work performed by the Malta Individual Investor Programme Agency so as to ensure that its job is being optimally carried out in respect of each and every application received and ultimately decided upon. There is reason to believe that the overwhelming situation that the covid-19 pandemic has further caused to the running of the afore-mentioned Programme and its operations will eventually improve, and applications for the Granting of Citizenship for Exceptional Services, which, as indicated afore-said in this paragraph, is ultimately the product of all the initiatives which were assiduously followed by Government during the first half of 2020 in order to promote stronger, feasibly operative, provisions taking effect from November 2020, the number of such applications will, in turn, pick up and hopefully rise to much better levels than those evinced during the last two-and-a-half years, particularly so with the advent of the much awaited widespread vaccination world-wide starting off in 2021 against this devastating virus.

As a result of the afore-said revisiting of the legal provisions governing the previous Programme, on 31st July 2020 amendments were carried to the Malta Citizenship Act, Cap. 188, applications for the granting of citizenship in terms of the Individual Investor Programme were stopped, the Regulations pertaining to this Programme were repealed and the Malta Individual Investor Programme Agency was wound up. As indicated above, in November 2020 a fresh set of regulations titled the Granting of Citizenship for Exceptional Services Regulations were published and the Community Malta Agency was set up to administer and process all Maltese citizenship related matters. This includes accepting and processing applications for the acquisition of Maltese citizenship by descent, citizenship through merit, citizenship by naturalization through long term

residence and through exceptional service by merit and exceptional service by investment in Malta. This Agency is also responsible for the carrying out of an in-depth due diligence process on every application submitted and the putting forward of recommendations to the Government regarding the granting of citizenship or otherwise.

Considering the outstanding benefits that the Individual Investor Programme had brought to the country's national and social development ever since its launch in 2014 including innumerable *ad hoc* social measures and the charge it has given to Government in financial and other economic measures directed towards the whole of the Maltese community, particularly, **and to a very vast degree**, during the covid-19 pandemic, it is highly imperative that the new scheme not only re-embraces and retains its predecessor's high dynamics so that our country will remain in the forefront from all aspects in this field but will also take it to the next higher level in order to continue to attract the best applicants from around the world.

On its part the MIIPA (now the CMA – Community Malta Agency) has for the past 18 months also been continuously and actively considering fresh ideas, changes and innovations with a view to becoming more dynamic, more efficient and more effective in a concerted effort to project Malta 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 not only EU-wide but also 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 past 18 months 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) who in August 2020 moved to other pastures, Ms Stephanie Brincat Kent (Assistant Director) who has taken over the duties of Regulatory Officer along those of Assistant Director upon the departure of Mr Camilleri and Ms Sandra Borg (Officer in Grade 5) who has partially taken over along with her other duties the duties previously performed by Ms Graziella Bartolo Pizzuto (Assistant Regulatory Officer) who has been temporarily away from our Office for more than a year. The total dedication and ongoing support of all these officers have repeatedly given a truly unique impetus to this Office's forward thrust and rendered my regulatory functions at law more meaningful and worthwhile. I would also like to show my gratitude to the MIIPA's (now CMA'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/CMA's open door policy in regard to this Office has been truly appreciated and cannot but be once again highly and openly commended. As for previous years, 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 in our new roles and functions.

Carmel L. De Gabriele
Regulator

5th February 2021

Annual Report on the Individual Investor Programme*

as on the 31 December 2020

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

**Applications for this Programme were accepted till 14th August 2020, but applications for the Residency document with the aim of applying for Citizenship by investment submitted prior 15th August 2020, continue to be assessed under the provisions of this Programme.*

Glossary

CBI	Citizenship by Investment
CCA	Chetcuti Cauchi Advocates
EC	European Commission
EU	European Union
FIAU	Financial Intelligence Analysis Unit
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)
CMA	Community Malta Agency
OECD	Organisation for Economic Co-Operation and Development
OR-GCES	Office of the Regulator (Granting of Citizenship for Exceptional Services) previously Office of the Regulator (Individual Investor Programme), in short ORIip

NOTA BENE

Any references in this Report to the “IIP Regulations” are references to such Regulations as had been provided for by L.N. 47 of 2014 and subsequent amendments thereto as in force prior to the publication of the Granting of Citizenship for Exceptional Services Regulations (L.N. 437 of 2020) in November 2020; and any references to the “OR-GCES” import references to the “ORIip” whenever matters are related to the period prior to the Granting of Citizenship for Exceptional Services Regulations (L.N. 437 of 2020) are mentioned.

Any references to the Malta Individual Investor Programme Agency (MIIPA) import references to the Community Malta Agency (CMA) whenever matters are related to the period following the publication of the Community Malta Agency (Establishment) Order 2020 (L.N. 436 of 2020) in November 2020. L.N. 436 of 2020 provides for the continuity of applications initiated with Identity Malta and/or MIIPA prior to the coming into force of the order, such that applications are carried on and completed by or under the authority of the CMA.

Section 1 – Activities carried out by the OR-GCES

This section covers activities undertaken by the OR-GCES between July 2019 and December 2020 focusing mainly (but not only) on the outcome of the vetting exercise which was carried out.

1.1 Introduction

This report constitutes the seventh, 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).

The duties of the OR-GCES are embedded in Articles 25, 25A and 25B of the Maltese Citizenship Act which were revised by the publication of the amending Act No. XXXVIII of 2020. The amendments relate to the duties and functions of the Regulator. In essence, the Regulator (and his Office) shall, for the purpose of the application process for the Granting of Maltese Citizenship by Naturalization for Exceptional Services and the Individual Investor Programme, collate and analyse data and information of the programmes, and ensure that the process of the granting of Maltese Citizenship by Naturalization for Exceptional Services is duly followed. Thus, the Regulator's role has been transposed from that of the Individual Investor Programme to the Granting of Citizenship by Naturalization for Exceptional Services, whilst keeping temporarily alive his role of Regulator of the Individual Investor Programme in respect of the applications which are still in process of adjudication by the Minister. In addition, the Prime Minister may, by Regulations, assign to the Regulator any other function related to citizenship. Up till the 31st of December, 2020 (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 Individual Investor Programme and the Granting of Citizenship by Naturalization for Exceptional Services.

In contrast with the previous reports (which have always covered a one-year period starting from the 1st of July of one year and ending on the 30th of June of the following year), this document covers a period of 18 months (from 1st July 2019 to 31st December 2020). The reasons for this change are as follows:

- The OR-GCES intends to start issuing a report covering a calendar year (from January to December) and, therefore, this extended deadline will allow the Office to align itself as from next year's report;
- Issuing the report correct as at 30th June 2020 (at a time when, due to the Covid-19 pandemic, the IIP process was practically at a standstill) would have made little or no sense because it practically would have fell short by 4 months with very little to report in respect of these 4 months; and
- Considering related developments which were in the pipeline (as at 30th June 2020) it would have been impractical to publish a report at such stage.

The format of this report has also been revised and is slightly different from that used in previous years' documents. Nonetheless, the content has remained practically the same. Details of all activities carried out by the Office of the Regulator are now included in Section 1, statistical information is included in Section 2, whereas information regarding the enacted amending Act and the new Regulations is listed in Section 3.

1.2 Key Milestones

Key milestones during the period in question were as follows:

Date	Milestone	Description
1 July 2019	2019 – 2020 Report	The 2019 - 2020 Report, covering the period between 1 st July 2019 and 31 st December 2020, starts being compiled.
28 November 2019	Monitoring Committee	The sixth Monitoring Committee convenes. The Committee is set up as per provisions of Article 25B of the Maltese Citizenship Act.
20 January 2020	Report Publication	The OR-GCES's sixth annual report is tabled in the House of Representatives by the Hon. Byron Camilleri.
23 January 2020	Reallocation	The OR-GCES is reallocated from the Office of the Prime Minister to the Ministry for Home Affairs, National Security and Law Enforcement.
2 February 2020	Reappointment	The Regulator is officially reappointed for a third term. His renewed contract will expire in 2022.
31 July 2020	Amendment to the Maltese Citizenship Act (Cap. 188)	An Act to further amend the Maltese Citizenship Act, Cap.188 is enacted by the President of Malta.
20 November 2020	Legal Notices	Legal Notices are published in accordance with articles 10(9) and 24 of the Maltese Citizenship Act

1.3 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 provided directly by the MIIPA and included in Section 2, the main reason being that applications vetted by the OR-GCES 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 previous reports, the OR-GCES carries out the vetting process for all applications (approved, rejected or withdrawn).

Applications vetted between 1 July 2019 and 31 December 2020

The total number of applications vetted by the OR-GCES during the period in question amounted to 340. Of these, 207 had been successfully concluded, 101 were refused whilst 32 were withdrawn (either through a specific request by the applicant or closed by the MIIPA due to inactivity).

Agents' Performance

In vetting the afore-mentioned applications, it transpired that 62 different Agents were engaged by the respective applicants in order to have their respective applications presented to the MIIPA. It is relevant to point out that more than half (52%) of the applications were submitted by 4 of the 62 Agents whilst the remaining 48% were distributed amongst the remaining 58 Agents. 27 of these latter 58 Agents submitted only 1 application.

With regards to the most successful percentage rates it is obvious that those agents who submitted the least number of applications had the best opportunity to achieve 100% successful rate. Accordingly, it has been noted that during the period in question, 22 Agents managed to achieve a 100% approval rate - 16 of these submitted only 1 application, 5 Agents submitted 3 applications whilst 1 Agent submitted 6 applications.

The same above reasoning applies in the case of the least successful percentage rates and, indeed, 17 Agents failed to have any of their applications approved by the Agency (i.e. these were either refused or withdrawn). 11 of these Agents submitted only 1 application, 3 Agents submitted 2 applications whilst 3 Agents submitted (separately) 3, 4 and 6 applications respectively.

In the case of the top 4 Agents (i.e. the ones who shared 52% of applications), the best performer obtained a 72% success rate whilst, conversely, the worst performer obtained only a 47% success rate.

Vetting observations

As indicated in the previous annual report, the OR-GCES is vetting all applications processed by the MIIPA, and therefore this office is screening all approved, rejected, and withdrawn applications. During the vetting sessions, the OR-GCES officials go through the voluminous

documentation pertaining to each application pack which is analysed in three stages. The three stages are categorised as follows: the application stage is the initial stage, the second stage is the vetting stage, and the final stage is the post-approval stage. The third stage is applicable only for the applications successfully concluded. This approach is taken to ensure that the documentation was properly filled in and duly filed in the application packs. In the case of payment receipts, verifications were also made to ensure that the correct amounts were incurred. Besides the latter, checks were also made to ensure that the timelines were respected during all the stages. **In those instances, where clarifications were required, or whenever documentation was misfiled, the OR-GCES liaised with the MIIPA and the required clarifications were duly provided by the MIIPA to the satisfaction of the Regulator and all misfiled documentation were appropriately sorted out and properly filed by the MIIPA. It is commendable and worth noting that the MIIPA took immediate action as soon as issues were flagged by the OR-GCES.**

The vetting exercise is carried out after a decision has been taken by the Minister and the applications have been concluded. Therefore, if any issues are identified during the vetting sessions, these would have no bearing on whether an application should have been approved or rejected. However, in the eventuality where the Regulator's views would point towards a different final outcome of an application, then the Regulator has the faculty to report to the Minister stating his findings, and let the Minister decide upon the next step. It is to be noted, that to-date this scenario has never occurred.

The afore-mentioned categorisation system, complemented the OR-GCES's drive to focus on the most critical parts of the applications, namely the eligibility of the Main Applicant and the dependants (where an application includes dependants), and whether each applicant satisfied all pre-requisites prior to being granted Maltese Citizenship. This is done without diminishing the attention on other parts of the application which are somewhat less critical.

Checks carried out under the three different stages

Application Stage

In the initial stage, the Main Applicant appoints an Agent and submits an application for Maltese Citizenship to the MIIPA through the Agent. Upon receipt of the application, MIIPA's officials check that the application contains all the forms and supporting documents required according to the Regulations. In those instances where information or documentation is missing, MIIPA reverts to the Agent. Once the requested information is provided by the Agent, the evaluation process begins.

Residence Document

The Regulations stipulate that a certificate of naturalization shall only be issued if the Main Applicant provides proof that he or she is legally authorized to reside in Malta and has been so authorized for a period of at least twelve months preceding the day of the issuing of the certificate of naturalization. Given that MIIPA considers the Maltese Residence Document as the point when an applicant started honouring the residency requirements, this Office compares the date of issuance of the Residence Document with the date when the Oath of

Allegiance is taken, to ensure that there is at least a one year lapse between the issuance of the two documents.

During the application stage, the Main Applicant is required to make an initial payment of €5,000, that includes the residence document fees. For this purpose, this office checks that the receipts of such payments are filed in the application pack and that the amount incurred is correct. In the few instances where the receipt was not available in the application pack, MIIPA was informed, and the relative receipts were traced and inserted in the respective application packs.

Power of Attorney

The power of attorney is a legal document that empowers the Agent, chosen by the Main Applicant, to submit the application on his or her behalf and to represent the applicant during the ensuing processes related to his or her application. Though this document is not an obligation emanating from the Regulations, it is a formal reassurance for the MIIPA that proves consensus between the Agent and the Main Applicant, enabling the Agent to act in the Main Applicant's stead. Consequently, any action taken by the Agent is formally covered. During the vetting session, this Office ensures that the Power of Attorney document is available in the file and that it has been valid throughout the whole processes and relative procedures.

Residency proposals

Initially, the Main Applicants are required to put forward proposals indicating how they intend to link with the Maltese community. Once MIIPA officials are satisfied with the proposals, a residency approval is issued by MIIPA. Subsequently, the Main Applicants are required to provide evidence showing they have accomplished their proposals. During the vetting sessions, it was noted that the residency proposal requirements have been observed. There was only one instance when the residency proposal letter from the applicant was not available in the application pack. Few other instances were recorded when the residency approval was not available in the file. These instances were flagged to MIIPA and the relative documents were eventually filed in their respective dossiers.

Application Forms

The application stage requires the Main Applicant and the dependants to fill in a number of forms in accordance with the Regulations and guidelines issued by the MIIPA. The forms include:

- Form N – Application for Naturalization as a Citizen of Malta filled by the Main Applicant;
- Form O – Application for Naturalization as a Citizen of Malta filled by the Spouse and Adult Dependants
- Form P – Application for Naturalization as a Citizen of Malta filled on behalf of Minor Dependants
- Form PDFEE – Form that gathers Personal details, Family information, Education and Employment details, and it applies to all applicants.

- Form SSFW – Statement of source of Funds and Wealth filled by the Main Applicant, any Dependents claiming to have a source of funds, and the Benefactor when applicable.
- Form MRQ – Medical Report and Questionnaire that applies to all applicants.
- Form PSC – Photograph and Signature Certification that applies to all applicants.

During the vetting sessions, it was observed that all documentation was accounted for except for one instance where the PSC forms of one application were not available in the application pack. This instance was flagged to the MIIPA and the forms were eventually traced and filed accordingly.

Part-Payment of the IIP contribution

The contribution fees are made in three different stages of the application process. As aforementioned, the initial part-payment is done at the residence document stage, whereas the second payment is made at application stage. The latter contribution, referred to as the part-payment of the IIP contribution covers the initial contribution, the due diligence fees, the passport fees and the bank charges. No particular points of concern were identified during the checking of the part-payment receipts. In fact, there were four instances in which the receipts were not available in the application pack and one instance where the MIIPA was asked to clarify what seemed to have been an incorrect payment.

Vetting Stage

This is the phase during which MIIPA carries out the four-tier due diligence process. The due diligence checks entail the initial screening by the Agents representing the Main Applicants and by MIIPA through databases, clearance by the police authorities, checking of the completeness and correctness of the applications and the supporting documents, and enhanced outsourced due diligence where at least two reports are commissioned from two separate international companies. Checks are also made with medical authorities. Finally, the due diligence team corroborates the information gathered and once MIIPA formulates an opinion, this is communicated to the Minister, who in turn takes a decision on whether the application is approved or rejected. Subsequently, the decision taken by the Minister is communicated to the Agent by MIIPA.

Documents from Local Authorities

Every Main Applicant and dependants included in each application, are required to visit a medical authority/practitioner and provide a medical evaluation report for each person. Liaison is also made between MIIPA and the local Police Force, where clearance (or otherwise) is obtained from the police authorities following thorough checks. During the vetting sessions, four instances were encountered where the medical evaluation reports were not included in the application pack, and two instances where the police clearance was not available in the application pack. The MIIPA later informed the Regulator that these documents were traced and inserted in the relative application packs. The OR-GCES subsequently examined the relative dossiers and ensured that this was the case.

Due Diligence Process and final letter by the MIIPA to the Minister

MIIPA uses a structured due diligence process made up of multiple layers in order to gain access to information and build a portfolio about the applicants. Similar to previous years, the criticism levelled towards the programme, particularly with reference to the due diligence process adopted to determine the applicants' eligibility and suitability for Maltese Citizenship, was not an exception. This is being done despite the strict due diligence process developed and adopted by the MIIPA, which process evolved substantially during the past years to ensure that only the rightful applicants make it through the programme. The applications vetted by this office between July 2019 and December 2020, confirm that MIIPA followed the rigorous due diligence exercise to the minutest detail. The four tier checks were always carried out: searches in international databases, clearance from local Police authorities, checks and verifications of the application and the supporting documents, and commissioning of reports from external due diligence companies. All data and information gathered was corroborated and analysed through the use of an internal risk matrix which ensures that every application is examined in a consistent matter, and ineligible applicants are distinguished from those who satisfy all the requisites. It has to be highlighted that the due diligence checks do not focus solely on the main applicants, but also on all the dependents included in each application, benefactors, and other stakeholders who are business-wise or socially associated with the applicants.

The above-mentioned checks focus mainly on the applicants' identity, business and corporate affiliations, source of funds and source of wealth, media exposure, crimes, charges and financial sanctions. Such information allows the MIIPA to build the applicants' portfolio. Once MIIPA is satisfied with the information obtained on an application, a letter is sent to the Minister for his personal attention and final decision. The letter includes structured information, addressing any areas which may preclude an applicant from being granted Maltese Citizenship.

To-date, the decision taken by Minister always reflected the outcome of the due diligence process, and all documentation was accounted for. The letters sent by MIIPA to the Minister contained exhaustive information in line with the due diligence findings, and these letters together with the response letters from the Minister were available in the respective files.

Similar to previous years, cases where applications were rejected by the MIIPA were not taken lightly by the Agency. Indeed, the OR-GCES 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. The OR-GCES is informed, that during this reporting period, the Agency has reported 15 cases and collaborated on 51 others.

Issuance of the Letter of Approval in Principle

As in previous years, MIIPA's obligation to communicate the decision within 120 days from the date of application, has not been met in most applications. This obligation was further

impacted during this reporting period due to the Covid-19 pandemic which severely disrupted the processes. This situation constrained applicants to put applications on hold.

Post-approval Stage

The post-approval phase applies only to approved applications, wherein Main Applicants are required to fulfil a number of obligations in accordance with the IIP Regulations. Once the letter of approval in principle is issued and the obligations are met, the applicants are invited to take the Oath of Allegiance. It has to be noted that the timeframes stipulated in the Regulations related to the post-approval stage, were also severely impacted by the Covid-19 pandemic.

Receipt of the final contribution

At this phase, successful applicants are requested to settle the IIP contribution, covering all the expenses related to the main applicant and the dependants. During the vetting sessions, it was confirmed that all the receipts pertaining to the vetted applications were filed in the application pack.

Proof of Property purchase or lease, Medical Insurance, and Investment in Stocks / Bonds

Other post-approval requirements which applicants have to fulfil include the purchase or lease of property in the Maltese islands, medical insurance covering all the applicants included in each application, and investment in Malta Stocks, Bonds, etc.

In the case of property, the threshold established in the Regulations for the purchase of property is for an amount of not less than €350,000, and in the case of leased property the threshold is established at not less than €16,000 annual rent. During the vetting sessions it was noted that copies of contracts for property purchase or leasing, were always available in the files, and the thresholds have been respected. Though the architect's valuation of the leased property is not a legal obligation, the main applicant is also requested to provide such document with the leasing agreement of the property. The architect's valuation report was available in most of the files except for only two instances in which the document was not available in the application pack.

Evidence of a global health insurance policy for the Main Applicant and dependants is another obligation required by the Regulations. The documentation was always available in the application packs during the vetting sessions except for two instances where the insurance policy for the dependants was not available in the file.

Applicants are also obliged to invest in Malta at least €150,000 in stocks and/or bonds amongst others. All documentation was available in the application packs and the thresholds have been always respected.

Besides the three afore-mentioned obligations, the Main Applicants are required to provide declarations confirming: they will retain property in Malta for a period of at least five years from date of purchase or lease; they are in a position to retain the health insurance indefinitely; and

they will retain the investment in Malta for a period of at least five years. All documentation was accounted for in the application packs.

Issuance of Oath of Allegiance

The Oath of Allegiance is considered as the definite proof that a successful applicant has become a Maltese Citizen. For this purpose, this Office ensures that the Oath of Allegiance is signed by all successful applicants who are at least 18 years of age, and that such documents are available in the application packs. It was noted that in five instances, one or more of the dependants had not yet taken the Oath of Allegiance. In such cases the MIIPA was asked to keep track of these pending issues and ensure that this process is ultimately completed without undue delays within the established time frames.

Follow up by the Office of the Regulator

This Office keeps constant track of all the instances wherein MIIPA is requested to trace and/or insert any missing documents in the respective application packs. It is also ensured that action by MIIPA is ultimately taken and that all queries raised by this Office in the course of its vetting are dealt with by the MIIPA and solved to the satisfaction of this Office.

1.4 Requests for Review by the Regulator in respect of Refused Applications

During the period in question, the Regulator received a total of 24 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 53. As had been the case with the previous 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 as it stood prior to it having been amended in July 2020 as per Act No. XXXVIII of 2020 since till that date the "Complaints" Regulations as contemplated therein never saw the light of day and the new Section 25A of Cap. 188 does not refer to any such past "complaints" in terms of the previous provisions. In this context, the complaints system prescribed through LN 443 of 2020 titled Citizenship (Amendment) Regulations, 2020 do not pertain to applications processed under the IIP Regulations. Nonetheless, in the absence of the aforesaid "Complaints" 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.

All the afore-mentioned 24 requests, were dealt with by the Regulator immediately they were received and were ultimately finalized and replied to within a relatively short time frame. Had the Regulator's views on the final outcome of any one of these 24 cases pointed to an acceptance of the relative application rather than a rejection, the Regulator would have just sent 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.

1.5 Verifying the Publication of Names in the Government Gazette

Sub-Article 14(2) of the IIP Regulations (LN 47/2014) states that the Minister (responsible for Citizenship) shall, every year, publish in the Government Gazette the names of all persons who, during the previous twelve calendar months, were granted Maltese citizenship by registration or naturalization, including those persons who were granted Maltese citizenship under the programme. In this regard, in 2019 and 2020 the names of all persons who were granted Maltese Citizenship during 2018 and 2019 (either by registration or naturalization, including under the IIP) were published in Government Gazette. The list of persons granted Maltese citizenship during 2018 was published in Government Gazette No. 20,321 dated 27th December 2019, and the list of persons granted Maltese citizenship during 2019 was published in Government Gazette No 20,548 dated 31st December 2020.

Similar to the previous year, the OR-GCES 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 OR-GCES officers during the period of vetting and is not retained once the vetting exercise is completed.

1.6 Monitoring of Media Articles

During the period under review, the IIP Programme continued to feature in a regular manner in local and international media. Similar to previous years, one of the recurring themes was whether the IIP scheme should be revised or revoked, with divergent views published regularly. During this particular reporting period, another common theme brought up by the media, was about the income derived from the IIP scheme diverted to public finances to support the economy during the Covid-19 pandemic. Media articles also included reportage on IIP funds being donated to vulnerable sectors of the society. Interest peaked again, both locally and internationally, during the last quarter of the year 2020 when the new Regulations were published replacing the IIP scheme with a Maltese residency scheme which could lead to Maltese citizenship if an applicant so opts, provided he or she satisfies a number of requirements as laid down in the Granting of Citizenship for Exceptional Services Regulations. During the same period of the year, numerous media articles also reported the ongoings of a Judicial Inquiry which had been set up to investigate and report upon a case of alleged kickbacks in connection with the granting of Maltese citizenship to 3 Russians under and in accordance with the provisions of the IIP Regulations. For some time, the EU's infringement procedures taken against Malta and Cyprus over their respective Citizenship by Investment (CBI) programmes – in the case of Malta as provided for in the Maltese Citizenship Act, Cap.

188 and the Individual Investor Programme (IIP) Regulations – took centre-stage on all media be it local, foreign or online.

Allegations on IIP-related matters which were published in the Media were investigated and regularly followed-up by OR-GCES (where appropriate). This has always been carried out in consultation and collaboration with the MIIPA and (if required) with other stakeholders. During the period under review, two media reports were investigated by the OR-GCES. The first one referred to allegations made during a French television programme concerning one of the Agents (vide 1.6.1 below) whilst the other referred to an allegation by an MP that a number of applicants had not presented their birth certificate when applying for Maltese citizenship (vide 1.6.2 below).

1.6.1 An Investigation on the Firm Chetcuti Cauchi Advocates

Following the transmission of a French television programme, on 22 September 2019, a number of allegations were made regarding the IIP, specifically concerning the Firm Chetcuti Cauchi Advocates (CCA) which, up till such time, was duly represented by two Agents. Consequently, the OR-GCES (at the time under the name of ORIIP) carried out, both on its own initiative and also following a request made by the MIIPA, a review of all IIP files submitted by such Agents from the start of the Programme up till that point in time.

The main IIP-related allegation made in such Programme was that CCA could influence the Minister to close an eye, successfully convincing him/her to approve a previously refused application (even if the applicant had criminal precedents) by re-presenting the dossier containing new information that would benefit the client. It was also allegedly said that this was possible because no reasons needed to be given for refusal of dossiers, indicating that the secret of this success was an intimate knowledge of the selection criteria and the best ways to get around them. Furthermore, it was alleged, that CCA claimed to be one of the only Passport Agencies IIP Accredited Agency on the Maltese Islands with a 100 percent success rate.

In carrying out its review, the OR-GCES (at the time under the name of ORIIP) strived to identify potentially unusual patterns which could either prove the veracity of, or at least give a degree of credibility to, any of the allegations. By way of comparison, it also took into consideration inherent issues concerning applications submitted by other Agents. On the other hand, the Office did not attempt to address the authenticity or otherwise of these allegations, as reported by the French TV channel and, subsequently published by the Media since this went beyond the scope and functions of the Regulator as provided for in Article 25 of the Maltese Citizenship Act (Cap. 188) in force at the time.

During the vetting sessions, a number of observations were recorded, covering both general themes and matters concerning specific applications. An analysis of these observations did not uncover any red flags which supported – in all or in part – the purported allegations. No records were found of applicants having a criminal record or of applications being presented for the Minister's consideration more than once. There was no indication of collusion between the Agent and the responsible Minister (or with the Agency for that matter) nor was there any indication that the Agent had ever received preferential treatment. The allegation that the

Agent enjoyed a hundred percent successful rate was incorrect since it was established that 16 percent of his applications had not been approved by the Minister. There was also no evidence that the Agent had attempted to find a way to get around the selection criteria. On such matter, the OR-GCES (at the time under the name of ORiip) also confirmed that, nonetheless, if this were to be the case, the stringent checks and balances which are in place would have ensured that such attempts would have been futile.

In conclusion, the OR-GCES (at the time under the name of ORiip) put forward a number of recommendations aimed at improving the processes and, at the same time, pre-empting the possibility that doubts are cast on the credibility of related stakeholders and of all the IIP processes in general. It is pertinent to point out that such recommendations were taken up by Government and have been included or catered for in the provisions of the Granting of Citizenship for Exceptional Services referred to earlier on in this Report which has replaced the Individual Investor Programme Regulations.

The full CCA report and the accompanying Press Release by the Parliamentary Secretariat for Reforms, Citizenship and Simplification of Administrative Processes can be accessed at: <https://www.gov.mt/en/Government/DOI/Press%20Releases/Pages/2019/November/12/pr192433.aspx>

1.6.2 Allegations on Birth Certificate

In July 2020, speaking during the debate on a bill which would amend the Maltese Citizenship Act, Opposition MP Karol Aquilina claimed that there had been 58 individuals who had been granted Maltese Citizenship – under the IIP – even though they had failed to provide their own birth certificate.

This matter had already been addressed by the OR-GCES (at the time under the name of ORiip) in its 2017 report, following an article – published in the Times of Malta – wherein it had been alleged that two applicants, hailing from India and Lebanon respectively, had managed to qualify for the IIP without being able to present a birth certificate. In its investigation, the OR-GCES (at the time under the name of ORiip) noted that birth certificates may not be available in around 16% of countries and that alternative officially authenticated documents by the respective authorities attesting such information were still (and still are to-date) being made available instead.

It is once again being reiterated in this Annual Report that reasons why the birth certificate may not be obtainable vary, with the most common being:

- If a birth is not registered and/or a certificate is not obtained immediately after birth, it may be very difficult to acquire at a later stage;
- Birth records may have been destroyed in wars, natural disasters or other calamities;
- Available documents may not always be reliable and accurate;
- Registration of births was not compulsory prior to a specified date (depending in which country);
- Birth Certificates may be available only subsequent to a particular date (depending in which country); and
- Births may have been declared and maintained by unofficial sources.

In cases such as the above, the OR-GCES notes that the MIIPA would request other official documentation. The OR-GCES observes that the most common substitutes that are usually accepted are:

- The National Identity / Nationality / Citizenship Card;
- An official declaration stating that the birth certificate was destroyed;
- The Baptismal certificate of an extract from Church books;
- A statement of identity verifying the nonexistence of a birth certificate;
- School records attested by the school principal;
- Household registration; and
- A sworn Affidavit.

The OR-GCES also notes that, in most countries, documents such as affidavits, declarations, statements and extracts must at least be authenticated and signed by a warranted public notary.

1.7 Monitoring of Parliamentary Questions

Between 1st July 2019 and 31st December 2020, a total of 18 parliamentary questions related to the IIP were tabled by Members of Parliament on the Opposition benches.

Six of the parliamentary questions submitted by Hon. Karol Aquilina were directly related to the functions of the Regulator, with one of the questions being submitted three times since it was being addressed to the wrong Minister. The information requested included:

- Details on complaints received by the Regulator from 2013 onwards, including the amounts, reasons and outcomes. The requested information was duly provided;
- Whether the complaints procedure was being prescribed as stipulated in Article 25A of the Maltese Citizenship Act (Cap. 188) prior to publication of the Citizenship (Amendment) Regulations through LN 443 of 2020. The reply made specific reference to the suspension of the works on the drafting of the Complaints Procedure Regulations and to the plans of an extensively revised scheme;
- Whether the Sixth Annual Report prepared by the Regulator was ready and when it would have been tabled in Parliament. The requested information was duly provided.

In one of the questions the Minister was asked to provide the list of applicants who acquired Maltese citizenship in terms of the IIP Regulations grouped according to the Agents who had presented the original application to the MIIPA. However, such information could not be submitted as it was claimed that the Maltese Citizenship Act does not provide for the distinctions requested in the parliamentary question.

Another parliamentary question referred to the public consultation process that had been carried out a year or two back. In his reply the Minister stated that the information would have soon be published. Other parliamentary questions included requests for information as to whether any IIP funds had been donated to Non-Governmental Organisations and other information relating to the Grant of Citizenship by Merit for Exceptional Services.

1.8 An Analysis of Reports by International Organisations

During the period in question there was one main report of note issued by an international organisation. This was titled “Europe’s Golden Doors” and was published by Global Witness on 27 March 2020 as a follow-up to another report which it had co-authored with Transparency International in 2019. Although the report covers both citizenship-by-investment and residence-by-investment programmes, in carrying out its analysis the OR-GCES is limiting itself to its own area of interest/expertise, as set out in Sections 25 and 25A of the Malta Citizenship Act (Cap 188).

The aim of this document was to take stock of what action had been taken following the lapse of one year. Following such analysis, the Organisation concluded that, actions so far proposed by the European Commission and adopted by individual Member States “fall short of effectively addressing the risks created by selling EU citizenship and residence”.

At this point it has to be pointed out that a meticulous in-depth analysis of the contents of the new report is not warranted by the OR-GCES since the document basically contains the usual observations, accusations and recommendations which are regularly copied and pasted from one report to the next (and therefore the OR-GCES would end up repeating what it had stated in its previous reports).

To affirm that Global Witness is contrary to the Individual Investor Programme would be a gross understatement. As expected therefore, its message is clear: the Individual Investor Programme is a criminal endeavour and should be terminated. Through a carefully selected choice of words it implies that criminals and corrupt persons are queuing up to apply for Maltese citizenship and that safeguard measures which Government has in place to weed out shady characters are inadequate – to say the least. Basing itself on these allegations it claims that the State should be threatened with enforcement action by the European Commission.

It dedicates a whole section of the report to the situation in Malta, announcing that, since early 2019, the Maltese Authorities have made no changes to the IIP. It claims that the “controversy surrounding the programme has not abated” and proceeds to list 5 individuals¹ (all of whom became Maltese citizens through the IIP) who gained media prominence due to alleged criminal activity, as supposed proof that the Programme was not as rigorous as the Maltese Authorities try to portray it. With regards to these 5 individuals, it rebukes Government for allegedly taking action against only one of them. First of all, apart from the fact that – up till the time when the Global Witness report was published – action was being taken against three (not one) of these individuals, this allegation deliberately fails to mention that these alleged activities were not picked up by the external due diligence companies since they substantially (if not all) took place after the due diligence exercise was carried out. Secondly, it is worth mentioning that Government is, in reality, committed to proceed on all of these individuals if the related allegations are proven to be correct. Indeed, action against the individual indicated by Global Witness had been taken since he had pleaded guilty, whereas in the case of the others – although action was already being taken – they had been (up till the time when the

¹ Article 25(8) of the Maltese Citizenship Act (Cap.188) prohibits the Regulator from publishing, within the Annual Report, personal data relating to individuals who have acquired Maltese Citizenship under the IIP.

Global Witness report was published) charged, indicted, facing charges and being investigated.

In addition to the above, GW also lists the incident concerning one of the Agents who, allegedly, boasted to a prospective applicant about his connections with top Maltese government officials. Notwithstanding the fact that it admits that the Regulator had later concluded that there was no indication of collusion, it inexplicably continues to brand the incident as a “scandal”. In doing so it also fails to acknowledge that the incident is still the subject of additional inquiries and that the Company in question is alleging that the raw footage it obtained (following judicial action taken in the France Criminal Court against the French Media Company responsible for producing the programme) shows that the producers were guilty of a crude cut-and-paste to portray the Agent in bad light.

The document contains a number of half-truths which are deliberately aimed at pushing forward its main agenda of terminating the programme. These include references to the Prime Minister stating that the programme will continue however he also said that he would be open to any suggestions on how it could be improved. Another reference is made to the Chamber of Commerce’s request to temporarily suspend the Programme (it did say so however with the intention of the Programme to continue once stock had been taken on how this might be improved).

It is important to point out that the OR-GCES has never opposed constructive criticism from the detractors of the Programme. It is felt that everyone is entitled to his own opinion (be it to terminate the programme, to improve it or to retain it as it is) as this should be respected. Nonetheless, the OR-GCES feels that, in order to drive forward one’s point, one should never resort to disseminating false allegations and/or half-truths intended to skew public opinion towards opposing such programmes. Throughout the years, the OR-GCES has often lamented the fact that programme detractors make no contact in order to allow one to have a more unbiased view. In the case of GW, such Organisation’s attitude has been pretty much the same. GW does acknowledge the existence of the OR-GCES since – at least in the case of their latest document – it has gone through its reports in order to find snippets of text that it could use to drive its point home. For example, it mentions that the Regulator acknowledges that an element of risk would remain, whatever the level of due diligence was adopted, and that the Regulator had recommended amending Article 6 of the IIP Regulations (relating to the Agency’s discretionary powers to consider applicants even when they are officially ineligible). On the other hand, when recommending that Member States should put in place measures to rigorously review all such citizenships, it conveniently fails to mention that, in the case of Malta, the Regulator has already been doing this since 2016.

1.9 Consolidating Security Clearance Levels within the OR-GCES

Ever since the inception of the ORiip in 2014 (late in 2020 retitled OR-GCES as already previously stated in this Annual Report) a number of protocols have been in place with the aim of providing staff with different levels of access to IIP-related information to which the Office would need to be privy in line with its obligations as established in the Maltese Citizenship Act (Cap. 188). These have now been formalised in a document which is included in this report (vide Appendix A). Such provisions apply exclusively in the case of Officers deployed within

the OR-GCES and excludes third parties who, by virtue of the provisions of any existing legal instruments, shall have the right of access to specific information retained by the Office.

Three levels of security have been identified:

- Clearance level 1 which is applicable in the case of officers whose duties are limited to the offices within the OR-GCES;
- Clearance level 2, which is applicable in the case of officers who call on site at the premises of the Community Malta Agency – CMA - (previously known as the Malta Individual Investor Programme Agency - MIIPA) and vet documentation related to the operational and due diligence processes which IIP applicants (and now applicants for the granting of Citizenship for Exceptional Services - GCES) are subjected to; and
- Clearance level 3, which is applicable in the case of the Regulator and to whoever the Regulator may decide to assign such clearance level.

The Regulator may, at his discretion, assign or withdraw higher levels of clearance to Officers who would normally (or were previously) granted level 1 or level 2 clearances. Such discretion may be applied on a need-to-know case-by-case basis.

1.10 Monitoring of Court Cases related to the IIP

The two court cases mentioned in previous Annual Reports prepared by this Office, continued to be monitored during the past eighteen months. 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. Following a total of 30 sittings (5 in 2016, 7 in 2017, 8 in 2018, 7 in 2019 and 3 in 2020) it has now been concluded and judgement, in favour of the defendant (the Agency), was issued on 25 June 2020. Subsequently, an appeal (Ref. No. 144/2016/1) was lodged by the Complainant on 13 July 2020.

Case No. 834/2016 (Schembri Alexander L-Avukat Dottor Noe Vs L-Agenzija Identity Malta Et) was registered on 23rd September 2016. Following a total of 24 sittings (1 in 2016, 6 in 2017, 6 in 2018, 7 in 2019, and 4 in 2020) it has now been concluded and judgement in favour of the defendant (the Agency) was issued on 20th October 2020. Subsequently, an appeal (Ref. No. 834/2016/2) was lodged by the Complainant.

1.11 An Analysis of the Covid-19 crisis impact on the IIP Process

As one can imagine, the Individual Investor Programme (IIP) has not remained impervious to what happened, at a global level, by the advent of Covid-19. In essence, since the beginning of 2020, many of the related processes carried out by the MIIPA and by all the other

stakeholders have been severely - if not totally - disrupted. In this regard, the OR-GCES has carried out a brief analysis of every step leading to the award of Maltese Citizenship through the IIP, starting from the point when a prospective applicant appoints an IIP agent (in step 1) up to the point when, in the aftermath of the awarding of Maltese Citizenship, the MIIPA continues to monitor one's fulfilment of IIP-related obligations (in step 16). This exercise has been carried out in order to determine how exactly the Programme might have been affected by the crisis.

Step 1

The prospective applicant appoints an Agent.

This process might have been compromised since agents and applicants might be more accustomed to making face-to-face contact and communication. Nonetheless, in theory, agents could have been appointed through alternative means.

Impact: Moderate

Step 2

The Residency Application is compiled and submitted by the Agent on behalf of the applicant. The pack consists mainly of forms and supporting documentation.

Although forms could have been filled in and documentation photocopied or procured, issues could have arisen in cases where these would have had to be certified correct by a third party, translated into English and/or required the applicant to physically apply for them in a country in which they were (or were not) residing at the time of application.

Impact: Severe

Step 3

The non-refundable €5,000 deposit is paid.

This part of the process should have not constituted any problems since transactions could have been carried out through bank transfers. Some delays would have probably been encountered since banking institutions might have switched to a reduced schedule.

Impact: Minimal

Step 4

The MIIPA consults the Malta Police Force and obtains the first clearance.

In theory, this should have not constituted any problems since checks are normally carried out internally.

Impact: Minimal

Step 5

Biometrics are taken and a Residence Document is issued.

The OR-GCES considered this to have been a major stumbling block since, to date, the applicant's physical presence in Malta has always been required in order to capture biometrics. Besides, the applicant's physical presence in Malta is taken into consideration when determining applicants' residency requirements and, therefore, one's non-presence in Malta particularly at this stage would have negatively affected one's eligibility in this regard.

Impact: Severe

Step 6

The Agent submits the completed IIP application packs to the MIIPA, Public Registry and Passports Office. The packs consist mainly of forms and supporting documentation.

The same rationale as that made for step 2 applies.

Impact: Severe

Step 7

Documentation is vetted by the MIIPA and corrective action (in the form of clarifications, endorsements and/or additional supporting documentation) is requested from the applicant (through the Agent).

Depending on what type of corrective action could have been required, it might have been impossible for the agents to comply. Although clarifications from the applicant (and/or any of his/her dependants) would not have been difficult to obtain, supporting documentation might have been impossible to procure if these were required to be certified and/or translated.

Impact: Severe

Step 8

Payment is made, covering the remaining part of the non-refundable contribution (€5,000), due diligence fees, passport fees and bank charges.

Similar to step 3, this part of the process should not have constituted any problems since transactions could have been carried out through bank transfers.

Impact: Minimal

Step 9

The Due Diligence process is carried out: Internal checks are performed by the MIIPA, two external due diligence reports are commissioned, a second police clearance is requested, a medical evaluation is carried out and a risk assessment is effected by the MIIPA, taking into consideration all the findings.

Internal checks and application risk assessments should not have constituted any problems because, in essence, these would have been carried out locally and mostly internally. With regards to the police checks, the same rationale as in Step 4 applies. Medical evaluation should not have been a problem either since evaluation is based on existing documentation. Nonetheless, should additional medical clarifications/supporting documentation have been required, these might have been difficult to obtain from source. With regards to the two external due diligence reports, it was expected that the selected companies could have faced significant limitations when trying to draw up a report, especially when carrying out on-the-ground research in countries ravaged by the Covid-19.

In addition, if, during the due diligence process, the MIIPA would have required additional clarifications and/or supporting documentation, the rationale concerning the availability of certified and/or translated documentation applies as well.

Impact: Severe

Step 10

Exchanges of correspondence take place between the MIIPA and the Minister responsible for citizenship with a recommendation to approve or refuse application.

This part of the process was not expected to be impacted by the crisis since it basically consists of exchanges of correspondence.

Impact: Minimal

Step 11

The MIIPA issues the letter of approval/refusal.

This part of the process was not expected to be impacted by the crisis since it basically consists of communicating the outcome of the application.

Impact: Minimal

Step 12

Payment of remaining contribution fees is made.

Similar to steps 3 and 8, this part of the process should have not constituted any problems since transactions could have been carried out through bank transfers.

Impact: Minimal

Step 13

The Agent submits proof of fulfilment (by the applicant) of post-approval obligations: proof of purchase/lease of property, proof of global health insurance coverage and proof of having invested in bonds, shares, etc.

In theory, the applicant's presence in Malta might have not been required in order for him/her to fulfil all these requirements. In order to purchase/lease a property the applicant would normally need to be physically in Malta to carry out the transaction, however, as an alternative, a power of attorney could have been drawn up for someone to carry out the task on his/her behalf. Global Health Insurance coverage should have not been a problem either because the applicant could have done this remotely. Furthermore, with regards to investments in bonds, shares, etc, action could have easily been taken by a third party (potentially the Agent him/herself) on behalf of the applicant.

Broadly speaking, it could well be argued that the Main Applicant's physical presence in Malta for a reasonable period of time to fulfill these requirements personally would have afforded some tangible proof of his or her initiative to embark on some rudimentary form of integration with our people and their customs ahead of their becoming part of the community as normal citizens. Considering that, during the period of partial lockdown, Malta's national borders were closed, it would have been outrightly impossible for the applicant to fulfil this task.

Impact: Severe

Step 14

The MIIPA consults the Malta Police Force and obtains the third clearance.

Similar to previous instances where police clearance was required, in theory, this should have not constituted any problems since checks are normally carried out internally.

Impact: Minimal

Step 15

The Oath of Allegiance is taken following an invitation issued by the MIIPA.

It would have been next to impossible to carry out this step since, till now, applicants (including their dependants) have always been required at law to be physically present in Malta for the ceremony to take place. A workaround could have been for the oath of allegiance to be taken remotely (such as in a Maltese Embassy or Consular Office in the country were the applicants are residing). However, given the significant logistical problems which the Agency would need to address in order to proceed in such manner, there would have no scope in temporarily amending the law in this respect since it was highly unlikely that such course of action could have been seriously contemplated.

Impact: Severe

Step 16

MIIPA continues to monitor the applicant's adherence to obligations for a period of 5 years.

At a point in time when the Health Authorities were advocating limited physical contact and promoting social distancing, it would have been difficult for the MIIPA to continue fulfilling this task.

Impact: Severe

The above-indicated disruptions inevitably had a significant impact on the deadlines set out in Legal Notice 47 of 2014, in particular the obligation to take the Oath of Allegiance within 2 years from the date of application. Earlier on during the partial lockdown, the Regulator was consulted by the MIIPA on the possibility of extending such deadlines and, accordingly, he made it clear that he agreed, in principle, to such extension. He opined that, at a time when, at a global level, free movement was very much limited (and, in some countries, outrightly legally and physically practically barred), it would have made no sense at all to stick to such rules and regulations. Nonetheless, on such matter, he proceeded with seeking the advice of the State Advocate on whether – in order to definitely avoid any legal problems insofar as the IIP is concerned – the related legal provisions should be amended to at least extend the aforementioned 2 year deadline. In her reply, the State Advocate indicated that it was advisable that an extension is made by possibly amending existing legislation. Following additional consultations by the MIIPA, LN 235 of 2020 – Individual Investor Programme of the Republic of Malta (Amendment No. 2) Regulations, 2020 – was eventually published on the 9th of June 2020 with backdated effect. In essence it contained a proviso whereby, in the event of unavoidable circumstances which cannot be attributed to the applicant or his Agent, related deadlines can be extended as it can be reasonable in such circumstances.

1.12 Monitoring of Meetings of the Group of Member States Experts on Investor Citizenship and Residence Schemes

As indicated in the OR-GCES's (then still known as ORIip) 2019 report, following the publication of its own report concerning the risks of investor citizenship and residence schemes in the EU, the European Commission established a group of experts from Member States in order to improve the transparency, governance and security of such schemes.

The group was given a set of tasks, amongst which (having a direct impact on the IIP, which falls within the OR-GCES's area of competence) were the following:

- Looking at the specific risks arising from investor citizenship schemes;
- Developing a common set of security checks, including risk management processes that take into account security, money-laundering, tax evasion and corruption risks, by the end of 2019; and
- Addressing the aspects of transparency and good governance with regard to the implementation of the investor citizenship schemes including by setting up a system of exchange of information and consultation on the numbers of applications received, countries of origin and on the number of citizenships granted/rejected by Member States to individuals based on investments.

The OR-GCES is informed that, to date, the group met 4 times (on 5 April 2019, 8 July 2019, 2 October 2019 and 11 December 2019) with the intent of producing results by the end of such year (i.e. 2019). The operations of this Group would seem to have been heavily impacted by the onset of the pandemic and, consequently, its operations and possible relevance were superceded by events. Indeed, no other information is available on the European Commission website following the meeting held on 11 December 2019.

Notwithstanding the above, it is relevant to note that Malta was represented in all meetings and actively participated in all discussions which ensued. According to the circulated minutes² of these meetings, key interventions by Maltese attendees touched upon the following themes:

Security checks and Risk Management

The Maltese representative(s) confirmed that these were already in place in Malta and stressed that the use of private due diligence providers, in addition to the MIIPA's own checks, were considered to be useful. The MIIPA had a special unit with people specifically trained on risk management, with a banking or security background. The MIIPA also cooperated with the FIAU and law enforcement agencies.

With regards to corruption risks, reference was made to the Maltese Regulator who is independent and has full access to documentation of the procedure.

On the question of intermediaries, it was indicated that Malta would be updating its law on investor citizenship to make it clear that the scheme was fully under government responsibility and that the private sector was not involved.

On the question of taxation, Malta indicated that it was in talks with the OECD and stressed that the IIP does not confer any tax benefits.

During the meetings Malta volunteered to draw up a risk-specific management process in the context of investor schemes.

Eligibility of applicants

During the meetings Malta indicated that it did not accept applications from certain third countries or applicants who had previously been denied a visa from a country with which Malta had a visa waiver agreement. Malta also rejected applicants who were subject to sanctions or to a US travel ban. Furthermore it also rejected persons sentenced to imprisonment of one year or more (or subject to investigations that could result in such a sentence).

² At the time of writing this report, the Minutes of the fourth meeting (dated 11 December 2019) were not yet available and therefore could not be taken into consideration.

Cooperation with other stakeholders

Malta argued that existing frameworks of cooperation between Member States, such as the VIS, should be used as a means of information-sharing prior to the acquisition of citizenship or rejection of an application.

With regards to information sharing, Malta agreed in principle but stated that blanket sharing of information with other tax jurisdictions was problematic, warning about the risks that could result from sharing information with oppressive regimes.

Transparency

Malta explained that a metrics, explaining the various processes, was available on the MIIPA website. Reference was made to the Regulator who published annual reports containing relevant statistical information, such as the number of applications and the regions of the world from which the applicants came. It added that the Maltese government also published annually all names of people who had acquired Maltese citizenship in the preceding year. Furthermore it was remarked that the accounts of the MIIPA were public.

Regulatory Changes

Malta informed that it had planned regulatory changes to its Programme, which include stricter oversight of agents advising applications, deletion of the provision that gave the Minister power to approve applications even if not all requirements were fulfilled and, as also previously mentioned, a change clarifying that it is the Maltese government agency and not the concessionaire that operates and administers the scheme. It also indicated that, at the time, the current quota for successful applicants (1800 in total) would not be increased in the foreseeable future.

1.13 Revision of the OR-GCES's Operational Guidelines

Following the enactment of the amending Act No. XXXVIII of 2020, the OR-GCES's operational guidelines were revised. The aim of such revision was to update the operational guidelines and address the legal amendments. Through the Second Schedule to the Citizenship (Amendment) Regulations 2020 (L.N. 443 of 2020), the Regulator has been empowered to investigate complaints received in the prescribed form about the process undertaken during the eligibility assessment in accordance with the Granting of Maltese Citizenship by Naturalization through Exceptional Services Regulations. Such form has been included with the Operational Guidelines. Other information about the amending act and the related legal notices is included in Section 3 of this report, and the revised Operational Guidelines together with the Complaints Form are annexed to this report as Appendix C.

S Section 2 - Statistical Information

The statistical information contained within this report is deemed to be correct as at 31st December 2020 and is based on data made available to the OR-GCES by 12th January 2021, except for data related to the amount of contributions and other fees collected by the MIIPA/CMA during the period covered by this Report, which at the above date had not yet been audited and certified correct by the MIIPA/CMA's Auditors. These were made available to the OR-GCES on the 1st April 2021. Basing itself on previous experience the OR-GCES notes that statistics are dynamic and therefore are continuously susceptible to variations. In particular, changes related to properties may be registered in locality details and property prices since 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 the OR-GCES, or at least before the final draft of the report is drawn. This proviso applies both in the case of the data listed in this report, and data pertaining to periods prior the current reporting period.

As indicated in the Introduction of Section 1, this year's reporting period varies from the periods covered by the annual reports published in previous years, since this reporting period covers a period of 18 months (from 1st July 2019 to 31st December 2020) whereas previous annual reports covered a period of 12 months (from 1st July to 30th June of the following year). In view of this change and the aim of the OR-GCES to start publishing a report covering one calendar year, **the statistical information provided in this section is being reported per calendar year**. The same statistical information is also being provided for the preceding years. Such approach enables analysis and comparison of statistics of the same data sets for different years, which otherwise would not have been possible given that previously, the statistical information covered the activities reported between July and June of the following year. For this purpose – **and unless otherwise stated** (particularly in the case of Contributions) – in a number of Tables, etc within this Section of the Report annual data provided starts off from calendar year 2015 since, quite obviously, statistics in respect of the year 2014 could not be provided on the basis of a full 12-months calendar year.

2.1 Applications submitted to the MIIPA

The number of applications received by MIIPA during the year 2020 amounted to 317, 11 less than the previous calendar year. The most prolific month was September when 56 applications were received by MIIPA. On the other hand, the month with the least number of applications was December with only 11 applications submitted.

Chart 1: Applications received by MIIPA between January and December 2020



Table 2: Applications received by MIIPA per year

Year	Number of IIP Applications received by the MIIPA
2015	484
2016	436
2017	371
2018	286
2019	328
2020	317
Total	2,222

Taking into consideration the figures in Table 2, one will note that the total number of applications received by MIIPA, since the inception of the Programme, stood at 2,222 as at end of year 2020.

Gender of Applicants

During the present reporting period, the gender of the main applicants continued to be predominantly male, with 75 % of male main applicants and 25% of female main applicants. This trend is similar to previous years as shown in Table 4, though since the launch of the programme, the figures representing female main applicants has slightly increased.

Chart 3: Main Applicants sorted by gender

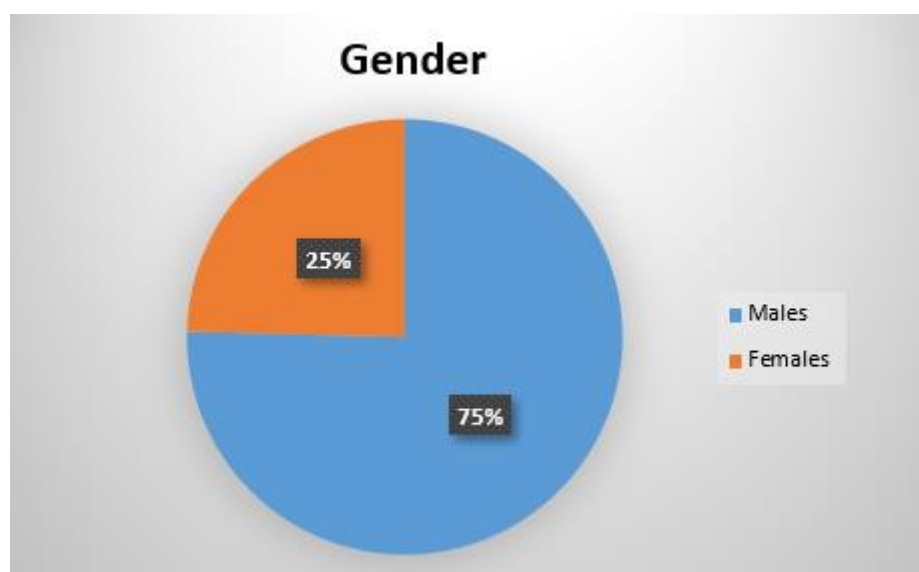


Table 4: Main applicants sorted by gender per year

Year	Male Main Applicants	Female Main Applicants
2015	88%	12%
2016	85%	15%
2017	76%	24%
2018	79%	21%
2019	80%	20%
2020	75%	25%

Origin of Main Applicants

The applications received during 2020 originated from six different geographical regions. This information was based on the main applicants' principal nationality. Table 5 provides a breakdown of the applications received from different regions per year. Similar to 2019, the largest number of main applicants registered during 2020 originated from Asia followed very closely by Europe. The figures also show a minor dip of applications registered in the last two consecutive years from Europe and a slight increase of applications registered from North America.

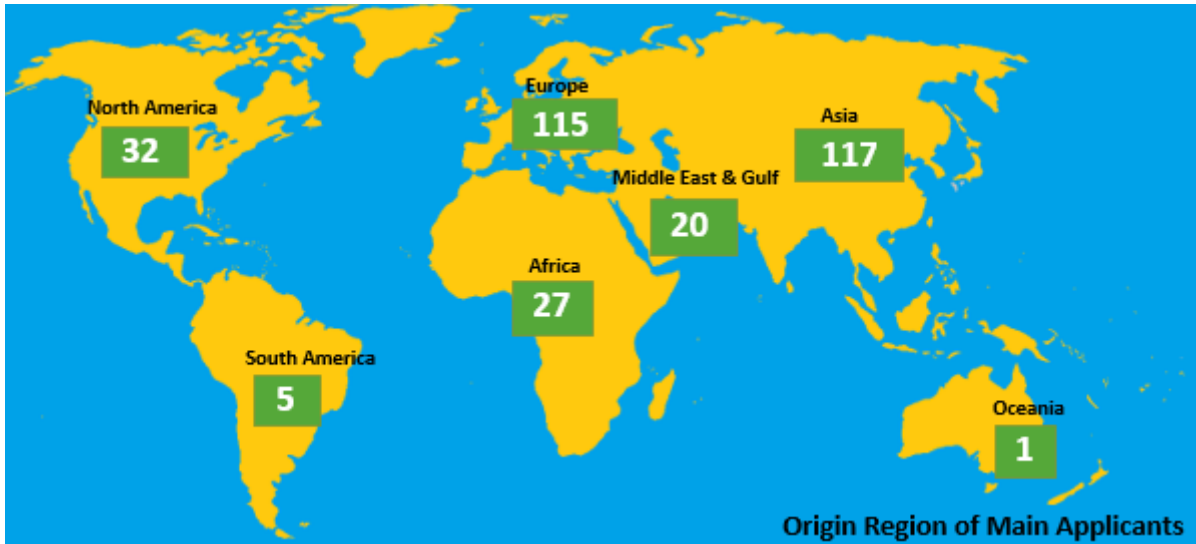


Table 5: Origin of main applicants per year

Region	2015	2016	2017	2018	2019	2020
Europe	45%	46%	41%	47%	39%	36%
Asia	17%	17%	27%	31%	40%	37%
Middle East & Gulf	20%	28%	15%	9%	8%	6%
Africa	10%	5%	9%	8%	5%	8.5%
North America	7%	3%	5%	3%	4%	10%
Caribbean	1%	1%	0%	1%	1.5%	0%
South America	0%	0%	1%	1%	1.5%	2%
Oceania	0%	0%	2%	0%	1%	0.5%

Number of Different Citizenships held by Main Applicants (at application stage)

Statistical information was also recorded for the number of different citizenships of which the main applicants were already in possession at the time of application. The majority of the main applicants, consisting of 92.7% of the total number of main applicants registered during 2020, held only one previous citizenship at IIP application stage, meaning that if their application were to be successful, the Maltese citizenship would be their second. On the other hand, 7% of the main applicants had two previous citizenships whereas 0.3% had three previous citizenships at IIP applications stage. The percentages in Table 6 also show that across the years, similar to the percentages of 2020, the majority of the main applicants held only one citizenship at IIP application stage.

Table 6: Citizenships held by Main Applicant per year

Year	1 other citizenship	2 other citizenships	3 other citizenships
2015	88%	11%	1%
2016	89%	10%	1%
2017	94%	6%	0%
2018	97%	3%	0%
2019	98%	2%	0%
2020	92.7%	7%	0.3%

Dependants

The number of dependants included in the applications submitted during the year 2020 amounted to 742, of which 217 were spouses, 333 were minor dependants and 192 were adult dependants. The cohort of adult dependants is made up of adult children, parents and grandparents. On average, the number of dependants per application stood at 2.34 during 2020. The highest figure of dependants was registered in September. This is the result of the most prolific month during which the highest number of applications were received by MIIPA as reported in Chart 1.

Chart 7: Number of Dependants per month during 2020



Table 8: Number of Dependants per year

Year	Number of Dependants
2015	541
2016	1160
2017	927
2018	700
2019	749
2020	742

2.2 Outcome of Applications

The figures that are reported in this sub-section do not tally with those recorded in the previous sub-section, the reason being that there is a time-lapse during which an application is submitted and subsequently processed. Therefore, a significant number of the 317 applications submitted during the year, would still be in the initial phase or in the due diligence phase, thus their outcome would be recorded in the upcoming reports.

Approved Applications

The number of applications for which the due diligence has been positively concluded and a letter of approval in principle has been issued, thus considered as approved applications during the year 2020, was 185. This figure shows a decrease of 54 applications when compared with the figure of the previous year provided in Table 10. The highest number of approved applications during 2020 was reached in April, with 42 approved applications. Conversely, the lowest number of concluded applications was registered in October with just 3 applications successfully concluded. When adding the figures provided in Table 10 of the approved applications since the inception of the Programme, one will note that the total number of letters of approval issued till 31st December 2020 amounts to 1,499.

Chart 9: Approved applications per month during the year 2020



Table 10: Number of Approved Applications per year

Year	Number of Approved Applications
2015	189
2016	382
2017	277
2018	227
2019	239
2020	185

Applications which were not approved

This category includes applications which were either refused or withdrawn. The number of applications which were not approved during the year 2020 was 103 (an average of approximately 9 applications per month). The highest number of not approved applications was registered in May and June with 13 applications each month, closely followed by November with 12 not approved applications.

Taking into consideration all the decisions taken during the period in question including approved and not approved applications, it transpires that the overall rate of not approved applications stood at 36% during the year 2020. When the percentage of 2020 is compared with the percentage of 2019 which stood at 33%, one notes that there was a slight increase in the figure recorded.

Chart 11: Applications which were not approved during the year 2020

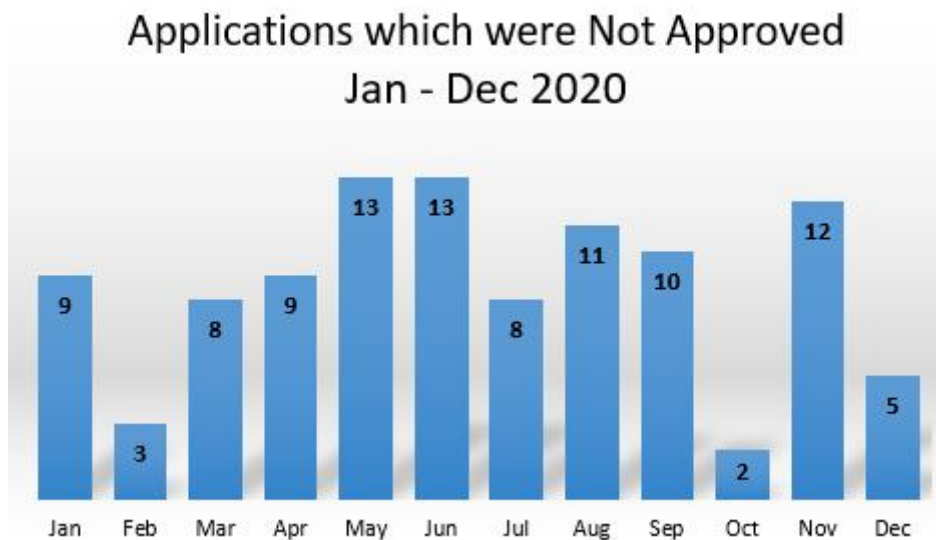


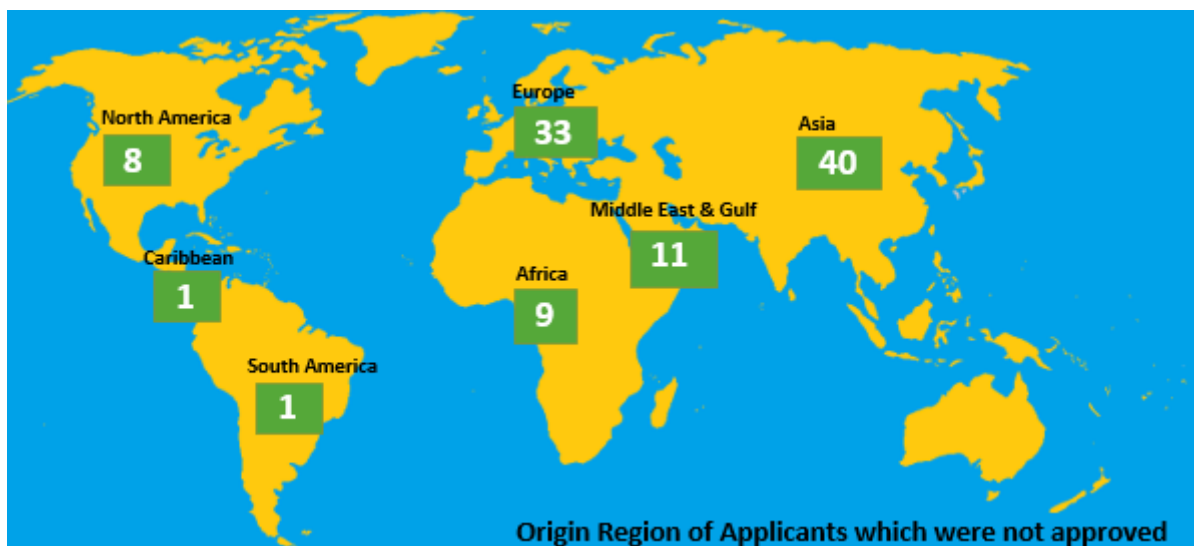
Table 12: Number of applications which were not approved per year

Year	Number of applications which were not approved
2015	49
2016	63
2017	70
2018	116
2019	117
2020	103

Further to the above figures, the OR-GCES 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 year 2020, there was one application which was withdrawn at such an early stage. This figure does not feature in the above chart since no IIP-related documentation would have been compiled and presented to the MIIPA, therefore such applications are not vetted by the OR-GCES.

Origin

During the year 2020, the majority of rejected or withdrawn applications originated from Asia with a total of 40 applications, followed by 33 applications from Europe. The other applications originated from Africa (9), North America (8), Middle East and Gulf (11), and 1 each from South America and Caribbean.



2.3 Naturalizations

The same rationale as per above sub-section applies also to this sub-section, since the figures recorded do not tally with those provided in the previous sub-sections. Indeed, a substantial number of applications which reached the naturalization stage during the year 2020, would have actually been initialised and possibly also approved during the previous year/s.

Naturalized persons

During the year 2020, 134 applications had reached the final stage (i.e. when the naturalization process was completed). This constitutes a drop of 70 from the amount registered during the previous year where the amount of naturalized main applicants reached 204.

Chart 13: Number of Naturalized Main Applicants per month



Table 14: Number of Naturalized Main Applicants per year

Year	Number of Naturalized Main Applicants
2015	108
2016	254
2017	369
2018	223
2019	204
2020	134

Since the inception of the Programme up till the end of December 2020, there have been 1,292 successful main applicants. Considering that the IIP Regulations stipulated that the number of successful main applicants (excluding dependants) shall not exceed 1,800 for the whole duration of the Programme, the figure of 1,292 successful main applicants constitutes 72% of the quota established in the IIP Regulations.

Dependants

The 134 applications that reached the naturalization stage included a total of 443 persons. Besides the 134 main applicants, there were 309 dependants included in the applications that were registered as follows: 96 spouses, 157 minor dependants and 56 adult dependants. This implies that each application had an average of 2.31 dependants.

Table 15: Number of Dependants included with Main Applications per year

Year	Number of Dependants
2015	168
2016	657
2017	971
2018	548
2019	497
2020	309

Origin

During the year 2020, the largest number of naturalized main applicants originated from Europe (77), followed by Asia (35), Africa (12), North America (6), Middle East and Gulf (3), and Caribbean (1). It was also noted that during this reporting period, naturalized persons originated from six of the eight established regions.

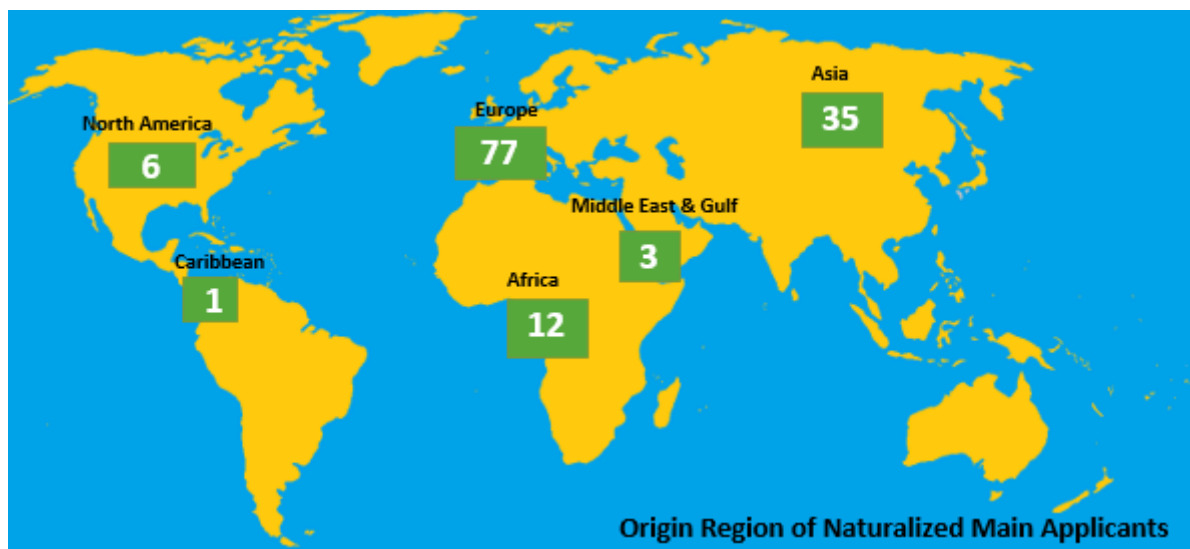


Table 16: Origin of Naturalized Main Applicants per year.

Region	2015	2016	2017	2018	2019	2020
Europe	70%	55%	43%	43%	40%	57%
Asia	9%	14%	14%	21%	29%	26%
Middle East & Gulf	9%	14%	34%	12%	14%	2%
Africa	6%	9%	4%	12%	9%	9%
North America	6%	5%	3%	7%	5%	5%
Caribbean	0%	2%	1%	1%	2%	1%
South America	0%	0%	1%	3%	0.5%	0%
Oceania	0%	1%	0%	1%	0.5%	0%

Employment Status

The majority of the naturalized main applicants declared that they are self-employed. Indeed 55% declared their employment status as self-employed, 39% of applicants declared to be employed, and only 6% declared to be non-economically active. When the percentages of the year 2020 are compared with the percentages of 2019, one notes minor variations. However, when the percentages of the year 2020 are compared with the remaining years, the variations are minimal and rather not significant.

Table 17: Employment status of Naturalized Main Applicants

Year	Self-Employed	Employed	Non-economically active
2015	49%	46%	5%
2016	57%	38%	5%
2017	56%	38%	6%
2018	50%	38%	12%
2019	64%	32%	4%
2020	55%	39%	6%

Educational Level

The educational level of the main applicants is also registered at application stage. Table 18 shows that the majority of the Main Applicants naturalized during 2020, that constitute 61% of this cohort, have a PhD, Masters or Degree level of education. One will note that though the percentages of the different years vary slightly, this trend is consistent throughout the years.

Table 18: Education level of Naturalized Main Applicants

Educational Level	2015	2016	2017	2018	2019	2020
PHD	11%	10%	4%	5%	3%	7%
Masters	26%	17%	24%	26%	22%	19%
Degree	20%	40%	44%	42%	37%	35%
Diploma	0%	4%	6%	8%	6%	8%
Higher Secondary	5%	4%	3%	5%	5%	7%
Secondary	3%	2%	2%	0%	4%	3%
Others	35%	22%	15%	13%	22%	20%
Not Specified	0%	1%	2%	1%	1%	1%

Age Bracket

The majority of naturalized main applicants were aged between 45 and 64. In fact this group constitutes 63% of the main applicants that were naturalized during the year 2020. On the other hand, 32% fall within the 25-44 age bracket, whereas 4% are aged 65 or more. Only one naturalized main applicant was below the age of 25.

Chart 19: Numbers of Naturalized Main Applicants divided according the Age Bracket

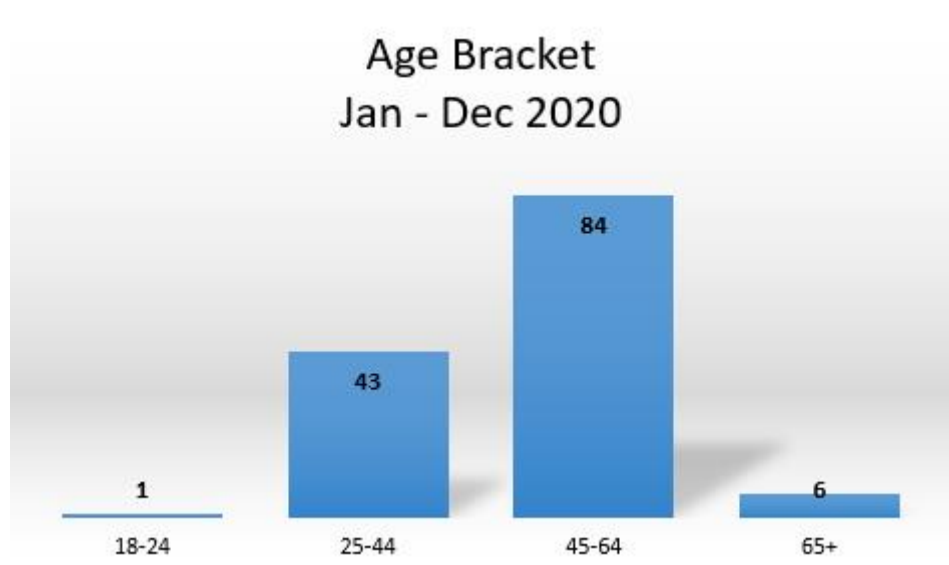


Table 20: Age bracket of Naturalized Main Applicants per year

Year	18-24	25-44	45-64	65+
2015	0%	44%	54%	2%
2016	1%	30%	64%	5%
2017	1%	39%	52%	8%
2018	1%	31%	62%	6%
2019	0%	36%	56%	8%
2020	1%	32%	63%	4%

2.4 Properties

As already mentioned in previous sections, the statistical information on IIP matters are dynamic and continuously susceptible to variations. This is even more so in the case of properties, since IIP applicants / citizens may terminate a lease of a property and enter into a new lease, or even purchase a property instead. Thus, it is worth noting that these variations render the statistical information susceptible to changes from year to year.

One of the obligations of the main applicants established by the IIP Regulations, is the investment in a residential immovable property in Malta. This obligation can be satisfied by either acquiring a property with a minimum value of €350,000, or by leasing a property for a minimum annual rent of €16,000. In this regard, out of the 134 properties that were either purchased or leased during 2020, 94% were rented whereas the remaining 6% were purchased.

Table 21 provides a snapshot of the properties that were purchased or leased according to each calendar year. The figures show that percentages vary slightly throughout the years, however the majority of the naturalized main applicants opted to rent a property across all the years.

Tables 22 and 23 show that the most popular localities in which property was purchased or leased by IIP applicants were Sliema and St. Julian's. This dominant position is evident when considering that 63% of all purchased property and 48% of all leased property hail from these two localities. This trend can be also noted across the different years.

Table 21: Percentages of properties purchased or leased per year

Year	Purchased	Leased
2015	18%	82%
2016	15%	85%
2017	11%	89%
2018	7%	93%
2019	8%	92%
2020	6%	94%

Table 22: Properties purchased according to locality and year

Locality of purchased property	2015	2016	2017	2018	2019	2020
Attard	0	0	0	0	0	0
Bahar ic-Caghaq	0	0	0	0	0	0
Bahrija	0	0	0	0	0	0
Balzan	0	0	0	0	0	0
Birgu	0	1	0	0	1	1
Birkirkara	0	0	0	0	0	0
Birzebbuga	0	0	0	0	0	0
Cospicua	0	0	0	0	0	0
Floriana	0	0	0	1	0	0
Gozo	1	0	0	0	0	1
Gzira	0	0	1	0	0	0
Ibrag	0	0	0	1	0	0
Iklin	0	0	0	0	0	0
Mtarfa	0	0	0	0	0	0
Kalkara	0	0	0	0	0	0
Lija	0	0	0	0	0	0
Madliena	0	0	0	0	0	0
Marsaskala	0	1	1	0	0	1
Marsaxlokk	0	0	0	0	0	0
Mellieha	1	2	3	0	2	0
Mgarr	0	0	0	0	0	0
Mosta	0	0	0	0	0	0
Mqabba	0	0	0	0	0	0
Msida	0	0	0	0	0	0
Naxxar	0	0	0	0	0	0
Paola	0	0	0	0	0	0
Pembroke	0	0	0	0	0	0
Pieta'	0	0	0	0	0	0
Qawra	0	0	0	0	0	0
Qormi	0	0	0	0	0	0
San Gwann	0	0	0	0	0	0
Senglea	0	0	0	0	0	0
Siggiewi	0	0	0	0	0	0
Sliema	5	14	16	6	13	2
St Julians	3	15	16	3	11	3
St Paul's Bay	0	0	0	1	0	0
Swieqi	0	2	2	1	4	0
Ta' Xbiex	1	0	1	0	0	0
Valletta	1	4	1	1	3	0
Vittoriosa	0	0	0	0	0	0
Xemxija	0	0	0	0	0	0
Xghajra	0	0	0	1	0	0

Zabbar	0	0	0	0	0	0
Zebbug	0	0	0	0	0	0
TOTAL	12	39	41	15	34	8

Table 23: Properties leased according to locality and year

Locality of leased property	2015	2016	2017	2018	2019	2020
Attard	1	0	3	3	2	0
Bahar ic-Caghaq	1	1	0	0	1	4
Bahrija	0	1	0	0	0	0
Balzan	0	0	0	1	0	0
Birgu	0	0	1	0	0	0
Birkirkara	0	1	2	1	0	1
Birzebuga	0	1	0	0	1	0
Cospicua	0	0	1	2	1	0
Floriana	0	0	0	1	0	0
Gozo	6	11	8	5	4	5
Gzira	0	12	14	17	15	11
Ibrag	1	3	5	3	2	1
Iklin	0	0	0	0	0	0
Mtarfa	0	0	0	0	1	0
Kalkara	0	0	0	1	0	0
Lija	0	0	0	2	0	0
Madliena	1	1	1	0	0	0
Manikata	0	0	0	0	0	1
Marsaskala	0	2	1	1	1	1
Marsaxlokk	0	0	1	0	0	0
Mellieha	3	4	6	4	8	2
Mgarr	0	0	2	0	1	2
Mosta	0	3	6	4	1	0
Mqabba	1	0	0	0	0	0
Msida	0	1	5	3	4	3
Naxxar	0	4	1	1	4	1
Paola	0	0	0	0	1	0
Pembroke	0	1	2	1	0	0
Pieta'	0	1	1	2	1	0
Qawra	0	1	0	2	0	3
Qormi	0	0	0	0	1	0
Rabat Malta	0	0	0	0	0	1
San Gwann	1	3	2	3	4	1
Senglea	0	0	2	2	0	1
Siggiewi	0	0	0	1	0	1
Sliema	21	89	118	67	64	39
St Julians	12	46	79	30	34	22

St Paul's Bay	0	13	22	17	12	12
Swieqi	4	13	30	19	17	11
Ta' Xbiex	1	0	4	2	0	2
Valletta	0	1	4	7	4	1
Vittoriosa	0	0	3	1	1	0
Xemxija	0	2	0	5	1	0
Xghajra	0	0	0	0	0	0
Zabbar	0	1	0	0	0	0
Zebbug	0	0	0	0	1	0
TOTAL	53	216	324	208	187	126

During the year 2020, the value of 8 purchased properties amounted to €6,256,000, whereas the average value per property amounts to €782,000. Such average is significantly higher than that established as a minimum threshold in the IIP Regulations that stands at €350,000. As regards the 126 leased properties, the rental value for the duration of the 5-year contract stands at €11,712,791, whereas the average rental value per contract stands at €92,958. On an annual basis, the figure translates into an average of €18,591.73 as indicated in Table 25. Similar to the situation regarding purchased properties, the average is higher than the minimum threshold set out in the IIP Regulations that stands at €16,000 per year.

Table 24: Value of Purchased Property per year

Year	Total Value of Purchased Property	Average Value of each purchased property
2015	€ 30,161,323	€ 942,541
2016	€ 49,400,223	€ 988,004
2017	€ 54,460,640	€ 1,089,212
2018	€ 21,127,000	€ 960,318
2019	€14,618,586	€859,916
2020	€6,256,000	€782,000

Table 25: Value of Rented Property per year

Year	Total Value of Rent (based on a 5 year period)	Average value of annual rent per each property
2015	€7,967,191	€20,966
2016	€21,276,133	€20,858
2017	€30,965,289	€19,413
2018	€19,995,994	€19,896
2019	€17,376,462	€18,584
2020	€11,712,791	€18,591

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 Government Stock during the year 2020 totalled €20,139,699.39. When taking into account all the investments made since the launch of the Programme, the total amount adds up to €196,648,739.67

Table 26: Investments in Government Stocks per year

Year	Total Investment
2015	€16,492,010.08
2016	€38,959,328.40
2017	€55,862,149.51
2018	€33,895,677.89
2019	€31,299,874.40
2020	€20,139,699.39
Total	€196,648,739.67

2.6 Contributions and Fees Payable by Main Applicants and Dependants

Contributions

During the period covered by this Report (1st July, 2019 – 31st December 2020), the contributions collected by the MIIPA/CMA amounted to €210,675,000 split up as follows: €88,850,000 during the period 1st July, 2019 – 31st December, 2019 and €121,825,000 during the period 1st January, 2020 – 31st December, 2020. 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 under review by this Report, the sum total would add up to €281,341,391.

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 €1,045,425,000 contributions collected by the MIIPA in respect of this Programme.

During the period 1st July, 2019 – 31st December 2020 the funds distributed were as follows:

- €86,544,800 the National Development and Social Fund;
- €107,047,831 the Consolidated Fund;
- €10,873,500 Malta Individual Investor Programme Agency/Community Malta Agency;
- €8,926,250 Henley & Partners.

This means that since the launching of the IIP till the 31st December 2020, the total amount of funds distributed were as follows:

- €601,150,849 the National Development and Social Fund;
- €327,422,776 the Consolidated Fund;

- €56,368,500 Identity Malta Agency/Malta Individual Investor Programme Agency/Community Malta Agency;
- €45,743,250 Henley & Partners.

As on 31st December 2020, funds held in suspense still awaiting distribution amounted to €14,739,625.

Table 27: Amounts collected by the MIIPA/CMA by way of IIP Contributions per year

Year	Total Contributions
2014	€13,475,000
2015	€106,525,000
2016	€279,925,000
2017	€194,725,000
2018	€156,150,000
2019	€172,800,000
2020	€121,825,000
Total	€1,045,425,000

Fees

During the period covered by this report (1st July, 2019 – 31st December 2020), the amounts collected 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 were as follows:

Due diligence fees	€7,216,000
Passport fees	€822,500
Bank Charges fees	€98,200

2.7 Donations made to Maltese Entities by Main Applicants

Since the launching of the Individual Investor Programme, the number of Entities which benefitted from donations given by the various Main Applicants for Maltese citizenship under this Programme amounted to 135, receiving among them 916 donations in all. 61 (45.2%) of these Entities received only 1 donation each, ranging from €100 to €20,000, whilst 1 Entity received 210 donations. One other Entity received 158 donations, with the remaining 72 Entities each receiving between 2 (23 Entities) and 46 (1 Entity) donations. In all, these 135 Entities received a total of €5,319,496.05 by way of such donations. Detailed statistics showing who these 135 Entities were and the number and the total value of donations received by each can be seen at Appendix B to this Report. Table 28 hereunder shows the global amounts paid by way of donations per year to local Entities by the various successful Main Applicants under this Programme since its launching.

Table 28: Number of donations and amounts donated per year

Year	Number of Donations	Amount Donated
2015	45	€531,500.0
2016	168	€1,150,700.0
2017	266	€1,367,617.4
2018	173	€917,760.5
2019	143	€761,468.2
2020	121	€590,450.0
Total	916	€5,319,496.1

2.8 Agents

The total number of Accredited Agents as at the end of December 2020 now stands at 128. Table 29 hereunder shows the 128 Accredited Agents subdivided in categories.

Table 29: Number of Agents divided per category

Type of Firm	Count	Percentage Share
Concessionaire	1	0.8%
Legal	42	32.8%
Financial Fiduciary and Trust	50	39.1%
Management and Consultancy	25	19.5%
Property Consultancy	10	7.8%

Section 3 - Observations by the OR-GCES regarding the latest Legal Developments and Action taken on Recommendations put forward in previous Annual Reports

3.1 Legal Amendments

Legal Notice 161 of 2020

Individual Investor Programme of the Republic of Malta (Amendment) Regulations, 2020

Published as a supplement in the Government Gazette of Malta No 20,394 on 24th April 2020.

The legal notice amended the proportion of contributions which are allotted from the Individual Investor Programme to the National Development and Social Fund. Regulations 2, 7 and 13 of the principal regulations were amended where the 'seventy per cent of contributions' was substituted with 'twenty per cent of contributions'. It is being assumed that the legal notice was a result of the Covid-19 pandemic strain on the economy.

Legal Notice 161 of 2020 can be accessed here: <https://legislation.mt/eli/ln/2020/161>

Legal Notice 235 of 2020

Individual Investor Programme of the Republic of Malta (Amendment No. 2) Regulations, 2020

Published as a supplement in the Government Gazette of Malta No 20,419 on 9th June 2020.

A new sub-section was added to Regulation 7 of the Principal Regulations, where the Agency was given the faculty to extend the timeframes established in the Principal Regulations, in the event when the said timeframes cannot be met for unavoidable circumstances that cannot be attributed to either the Applicant or the Agent. As afore-mentioned in Section 1.11 - 'An Analysis of the Covid-19 crisis impact on the IIP Process', the Regulator and the Agency were in consultation with the State Advocate about the possibility of amending the legislation, and the legal notice was enacted as a result of the impracticalities developed by the Covid-19 pandemic on the IIP requirements and obligations.

Legal Notice 235 of 2020 can be accessed here: <https://legislation.mt/eli/ln/2020/235>

Act XXXVIII of 2020

An Act to further amend the Maltese Citizenship Act, Cap. 188

Published as a supplement in the Government Gazette of Malta No 20,452 on 31st July 2020.

The Act includes various amendments to a number of articles of the Principal Act and a substitution of Article 25A of the Principal Act.

The amendments carried to Articles 25 and 25B as well as the substitution of article 25A of the Malta Citizenship Act, Cap. 188, which inter alia relate to the duties and functions of

Regulator and matters thereto, were basically the result of the complete repeal of the Individual Investor Programme Regulations and the bringing into effect of the Granting of Citizenship for Exceptional Services Regulations which intrinsically replaced the aforesaid Regulations. Thus the Regulator's role has now been transposed from that of the Individual Investor Programme to the Granting of Citizenship for Exceptional Services whilst keeping temporarily alive his one-time role of Regulator of the Individual Investor Programme in respect of applications under this latter Programme which have still not been finalized and adjudicated by the Minister.

Act XXXVIII of 2020 can be accessed here: <https://legislation.mt/eli/act/2020/38>

Legal Notice 435 of 2020

Agents (Licences) Regulations, 2020

Published in the Government Gazette of Malta No. 20,524 dated 20th November 2020.

The scope of these regulations was to prescribe the requirement to license persons to act as Agents for the purpose of the Citizenship by Exceptional Services to the Republic of Malta in accordance with the Maltese Citizenship Act. An Agent will qualify to apply for a licence if he or she is a public accountant, auditor, lawyer or a financial advisor duly licensed by a competent authority, besides other requirements. The licensed Agents will also be subject to annual due diligence reviews by the Agency. If during the period of five years immediately after the oath of allegiance is taken by an applicant, the Agent becomes aware of any breaches of rules or fraud on the part of any applicant, the Agent is obliged to report immediately such matters to the Agency.

Legal Notice 435 of 2020 can be accessed here: <https://legislation.mt/eli/ln/2020/435>

Legal Notice 436 of 2020

Community Malta Agency (Establishment) Order, 2020

Published in the Government Gazette of Malta No. 20,524 dated 20th November 2020.

The amending Act also brought about the winding up of the Malta Individual Investor Programme Agency and the creation of a new Government Agency in its place, the Community Malta Agency. The role and functions of which are provided for in the Community Malta Agency (Establishment) Order, 2020 as per L.N. 436 of 2020 issued under the Public Administration Act, Cap. 595.

Legal Notice 436 of 2020 can be accessed here: <https://legislation.mt/eli/ln/2020/436>

Legal Notice 437 of 2020

Granting of Citizenship for Exceptional Services Regulations, 2020

Published in the Government Gazette of Malta No. 20,524 on 20th November 2020.

The scope of this regulation was to prescribe the requirements and to regulate the Granting of Citizenship by Naturalization for Exceptional Services in accordance with the Maltese Citizenship Act.

Under the new regulations, the number of certificates granted by Maltese Citizenship by Naturalization for Exceptional Services by Direct Investment will not exceed 400 annually and will be capped at a total accumulated amount of 1,500 successful applicants (excluding dependants). Prospective applicants, desirous of obtaining Maltese Citizenship, shall appoint a licensed Agent and satisfy an eligibility assessment in order to be authorized by the Minister to submit an application for Maltese Citizenship on the prescribed form.

Individuals who manage to obtain a Maltese residence permit may apply for citizenship under two different paths. They may either apply after a one-year residency period and invest €750,000, otherwise individuals may apply for citizenship after a three-year residency period and invest €600,000. A contribution of €50,000 should be paid for each dependant included in an application, and the minimal value of a purchased property is established at €700,000 whereas the minimal annual rent of a leased property is set at €16,000. Main applicants should also make a donation of at least €10,000 to a registered philanthropic organization. In conclusion, the new regulations establish a five-year period during which the Agency may monitor successful applicants.

Legal Notice 437 of 2020 can be accessed here: <https://legislation.mt/eli/ln/2020/437>

Legal Notice 443 of 2020

Citizenship (Amendment) Regulations, 2020

Published in the Government Gazette of Malta No. 20,526 on 24th November 2020.

This legal notice *inter alia* introduced a new Regulation – 4A – to the Citizenship Regulations (S.L. 188.01) on the strength of which the Complaint Form as prescribed in the revised Article 25A of the Maltese Citizenship Act, Cap. 188, was promulgated as a result of the bringing into force Act No. XXXVIII of 2020. Through this legal notice, an individual who will be refused eligibility to apply for Maltese Citizenship at the eligibility assessment stage under the new Regulations established by LN 437 of 2020, can make a complaint with the Regulator in the form set out in the Second Schedule of LN 443 of 2020. The complaint should be signed by the complainant or the Agent and it incurs a fee of €5,000.

LN 443 of 2020 also amends the First Schedule of the principal Regulations and substitutes Form Q1.

Legal Notice 443 of 2020 can be accessed here: <https://legislation.mt/eli/ln/2020/443>

3.2 OR-GCES observations on amendments to the Maltese Citizenship Act

a) The Regulator's area of remit

Whereas the previous version of Article 25 of the Maltese Citizenship Act stated that the Regulator's duties and functions should cover all aspects of the Individual Investor Programme (IIP), the revised version refers specifically to the application process and to collating/analysing data/information in relation to both the Granting of Citizenship for Exceptional Services (GCES) - which intrinsically are the new citizenship regulations - and all applications submitted in terms of the defunct IIP Regulations that are still in the process of

being assessed and finalized. Although this change seems prima facie to imply that the Regulator's area of remit has been reduced, both in principle and in practice the Regulator's remit has remained intact. Basically, the new phraseology intends to graft within the scope of the said Article 25 the new citizenship provisions as sanctioned by the GCES Regulations whilst still providing for the Regulator's remit insofar as the remnant IIP applications were concerned, besides simultaneously bringing within his remit applications for citizenship through merit which, although previously provided for under Maltese citizenship laws, did not form part of the Regulator's remit.

b) Complaints

The revised Article 25A and the added Regulation 4A to the Citizenship Regulations (S.L. 188.01) as well as new Form D2, published also as part of these Regulations, state that the Regulator may also investigate complaints that may be submitted by persons who are withheld from applying for citizenship under this new scheme (Citizenship for Exceptional Services) after failing the eligibility assessment. However, it has to be made clear that requests for reviews by the Regulator following refusals by the Minister in respect of applications lodged in terms of the IIP will still be dealt with by the Regulator in the same form and manner as has been done in the past until this Programme is effectively completely wound up and nothing more than a dead letter.

3.3 OR-GCES observations on the GCES regulations vis-à-vis those previously governing the IIP

a) Payment of Citizenship Contribution

The Granting of Citizenship for Exceptional Services Regulations contain reference to the amounts that need to be paid by each applicant (in the First Schedule) and an indication that part of such amount will be paid as a deposit at the initial stage of the process. The applicant is also bound, through an undertaking, to carry out exceptional direct investment. However, these Regulations do not contain reference as to **when** these amounts actually need to be paid. Unless this omission is deliberate (so as not to impose a stringent deadline for payment to take place), considering that the Regulations impose deadlines (from the date of issuance of the letter of approval) for the submission of proof of property purchase/lease (4 months) and for taking the Oath of Allegiance (6 months), it might make sense to also include a deadline for payment of the contribution at a point in time after the letter of approval is issued with a proviso that such a deadline may be extended by the Minister where such a deadline cannot be met because of extenuating circumstances beyond the control of the main applicant and/or his/her Agent.

b) Due diligence by specialised due diligence service providers







Regulation 9 (2) of the Granting of Citizenship for Exceptional Services Regulations require the CMA to cause due diligence checks to be performed by third parties including one or more internationally recognised specialised due diligence service providers. To be fair, this requirement is the same as that of the now defunct IIP Regulations. Nonetheless, basing itself








on experience gained following the vetting of over 1,000 applications, the OR-GCES considers that the number of service providers should – as a minimum – be two (not one).







c) Donation of €10,000 to a non-governmental organisation or society




Regulation 16 (1) (d) of the Granting of Citizenship for Exceptional Services Regulations obliges the applicant to produce an undertaking to donate, prior to the issue of the certificate of naturalization, a minimum of ten thousand euro to a registered philanthropic, cultural, sport, scientific, animal welfare or artistic non-governmental organisations or societies, or as otherwise approved by the CMA. On the other hand, Regulation 16 (7) obliges the applicant to provide (within 4 months from the date of issuance of the letter of approval), documentary evidence about the purchased/leased property. In this regard, the OR-GCES is of the opinion that – within these 4 months – the applicant should be bound to provide also documentary evidence that the afore-mentioned donation has been made as well.

3.4 Observations whether the Regulator’s recommendations in previous Annual Reports have been taken on board

01.	Removal of all references to the Concessionaire, including the indication that it should design, implement and administer the Programme.		References have been removed.
02.	Removal of the clause which allows the Agency to recommend ineligible applicants.		Clause has been removed.
03.	Review of the obligation for adult dependants (both adult children and parents/grandparents) to be wholly maintained by the Main Applicant.		Reviewed – the term has now been changed to “wholly maintained or otherwise largely supported”.
04.	Review of the obligation on parents/grandparents to form part of the household of the Main Applicant.		Obligation has been removed.
05.	Review of the type of property which one is allowed to purchase/lease.		Reviewed – such properties will now need to be “adequate and suitable for the applicant and his dependants”.
06.	Clarification of the upper age limit in the case of adult children. The term “between the age of 18 and 26” previously used implied that the upper		Reviewed – the term has now been changed to “attained 18 years of age but has not yet attained

	age limit could be 25 years 364 days or 26 years 364 days, depending on one's interpretation at will.		29 years of age" meaning that the upper age limit is clearly 28 years 364 days.
07.	Clarification of the lower age limit in the case of the parent/grandparent. The term "above the age of 55 years" previously used implied that the lower age limit could be 55 years 0 days or 56 years 0 days, depending on one's interpretation at will.		Reviewed – the term has now been changed to having "attained 55 years of age" meaning that the lower age limit is now clearly 55 years 0 days.
08.	Clarification of the age criteria applicable in the case of minors for whom due diligence is applicable. Previously it was legally unclear whether it was 12 or 13 years of age.		Reference to applicable age criteria has now been removed.
09.	Review of the term whereby adopted children are eligible as long as they are still minors (i.e. up till the age of 18).		Reviewed – adopted children forming part of the adult criteria are now eligible as well.
10.	Review of the potential loophole whereby adult children with a disability (over the established age threshold) were not required to effect any IIP contribution.		Reviewed – all types of dependants are now covered in the new Regulations.
11.	Review of the term "physically or mentally challenged".		Reviewed – a more appropriate term has been adopted: "a qualified person with a disability".
12.	Clarification on whether, in the case of minors, parents' signatures have to appear on ALL forms or only those which are prescribed.		Still not clarified. Nonetheless this is not a major issue and it is not worth insisting upon at this stage. May be taken care of at a later stage.
13.	Clarification on the first part of the IIP contribution (€5,000 at Residence Document application stage) which was previously not spelt out in the pertinent Regulation.		Reviewed – initial payment has now been clearly set out.

14.	Clarification on the property retention period. Previously the Regulations stated that the property should be retained for a period of 5 years whereas the MIIPA's custom has been to consider the 5 years as starting from the date on the letter of approval in principle.		Reviewed – the new Regulation obliges the applicant to retain the property for (at least) 5 years from the date of the certificate of citizenship.
15.	Review of applicable deadlines, particularly in cases when these deadlines cannot be respected.		Reviewed – the 120 days from the date of application has been removed, there is no date within which the contribution in terms of the new Regulations has to be paid, the 4 months post-approval obligation applies only in the case of property and the Oath of Allegiance has to be taken within 6 months from the date on the letter of approval.
16.	Inclusion of reference that applications have to be submitted to the Minister for his consideration (this is missing within the previous Regulation).		Reviewed – the exact stages in which the Minister's interventions are required are now clearly indicated.
17.	Clarification on what should be considered as the official date of application (in view of the 120 days deadline).		Reviewed – there are no applicable deadlines starting from the date of application and therefore a clarification is now deemed to be irrelevant.
18.	Review of the obligation that a medical certificate has to be provided in a form prescribed by the MIIPA (in fact such form had never been prescribed).		Reviewed – the form is no longer required to be prescribed.
19.	Review of the obligation on the MIIPA to only accept and process applications on condition that all forms are properly completed, dated and signed – presently there are instances in which, for practicality's sake, the MIIPA accepts		Still not reviewed. Nonetheless this is not a major issue and it is not worth insisting upon at

	applications which contain very minor (if not trivial) irregularities (such as a missing date).		this stage. May be taken care of at a later stage.
20.	Review of the obligation for all forms/documents to be completed in English (or translated into English), with the aim of including the Maltese Language.		Still not reviewed. Nonetheless this is not a major issue and it is not worth insisting upon at this stage. May be taken care of at a later stage.
21.	Review of the definition of the spouse (since the wording in the previous Regulation is confusing).		Reviewed – the definition has been updated satisfactorily.
22.	Review of the obligation to communicate a delay after the lapse of 120 days.		Reviewed – the 120 days deadline has been removed and therefore there is no longer the requirement to communicate a delay.

APPENDIX 'A'

OR-GCES Security Clearance Levels

Office of the Regulator

Granting of Citizenship for Exceptional Services



Security Clearance Levels

Version 2

December 2020

1.0 Introduction

The aim of this document is to chart out the different levels of security which shall be in place within the Office of the Regulator, Granting of Citizenship for Exceptional Services (OR-GCES). Such provisions shall apply only in the case of Officers deployed within OR-GCES and excludes third parties who, by virtue of the provisions of any legal instruments, shall have the right of access to specific information retained by the Office. On the other hand, in the case of the general public access shall be provided only to information which can be made available in the public domain, as also outlined by the provisions of the Freedom of Information Act.

2.0 Staff responsibilities

Irrespective of the clearance levels assigned to the staff, all officers are to be personally responsible for securely handling any information that is entrusted to them. All information must be handled with care to prevent loss or inappropriate access and deter deliberate compromise or opportunist attack.

3.0 Different Levels of Security

Three levels of security shall apply. These shall be numbered 1 to 3 starting with the least level of security and progressing to higher and more sensitive levels accordingly. An explanation of what is covered by each level is as follows.

3.1 Clearance level 1 in which Officers are allowed to view/handle Information which is restricted or in the Public Domain

This level of clearance is normally applicable to officers whose duties are limited to the offices within the OR-GCES. This includes data which could have limited damaging consequences if divulged but is not subject to a heightened risk profile.

A non-exhaustive list of information which is accessible to Officers having level 1 clearance is as follows:

- Internal vetting reports (handwritten and typed versions);
- Statistical Information;
- Basic Information related to Agents;
- Exchanges of Communication in which OR-GCES are directly or indirectly involved.
- Complaints made by Agents
- Information freely available through media sources

3.2 Clearance level 2 in which Officers are allowed to view/handle Secret Information

This level of clearance is normally applicable to officers who call on site at the premises of the Community Malta Agency and vet documentation related to the Individual Investor Programme and the Granting of Citizenship for Exceptional Services processes. This includes very sensitive information which could have damaging consequences if divulged and consequently

is covered by heightened protective measures. It is additional to the access granted at level 1.

A non-exhaustive list of information which is accessible to Officers having level 2 clearance is as follows:

- Application Forms;
- Originals and/or copies of Supporting Documentation;
- Exchanges of communication
- Internal and External Due Diligence Reports
- Authorisation Documents
- Oaths of Allegiance

3.3 Clearance level 3 in which Officers are allowed to view/handle Top Secret Information

This level of clearance is normally applicable solely to the Head of the Office (i.e. the Regulator GCES) and relates to most sensitive information requiring the highest levels of protection from the most serious threats of exposure. It is additional to the access granted in levels 1 and 2. A non-exhaustive list of information which is accessible to Officers having level 3 clearance is as follows:

- information related to instances where MIIPA / CMA issues a reasoned opinion as to why applicants should be considered for approval notwithstanding a negative due diligence report;
- information related to instances where MIIPA / CMA issues a reasoned opinion as to why applications should be refused, notwithstanding a positive due diligence report.

4.0 Regulator's GCES Discretion

Notwithstanding the provisions of Article 3 above, it shall be at the discretion of the Regulator GCES to assign or withdraw higher clearance levels to Officers who would normally be (or were previously) granted level 1 or level 2 clearance. Such discretion may be applied on a need-to-know case-by-case basis.

APPENDIX 'B'

Donations made by Successful IIP Applicants to Local Entities since the launch of the Individual Investor Programme

Donations made by Successful IIP Applicants to Local Entities since the launch of the Individual Investor Programme

NAME OF ENTITY	NO. OF DONATIONS	TOTAL AMOUNT DONATED
Alive Charity Foundation	2	€5,000.00
ALS Malta	1	€5,000.00
Angela House	3	€11,000.00
Anglican Church In Malta & Gozo	1	€10,000.00
Animal Care Malta	4	€8,000.00
Appogg Children's Fund Team	1	€1,250.00
Arts Council Malta	3	€12,000.00
Association for Abandoned Animals	6	€15,000.00
Birdlife Malta	1	€7,500.00
Birgu Local Council	1	€5,000.00
Bormla Local Council	2	€13,000.00
Bormla Regatta Club	1	€1,000.00
Carers for Stray and Abandoned Felines	1	€3,000.00
Caritas	15	€31,000.00
Church of the Madonna of Liesse	3	€21,000.00
Claris Foundation	40	€347,500.00
Commissioner for Animal Welfare	1	€2,500.00
Dar Dun Sidor	2	€2,500.00
Dar Frate Jacoba	3	€8,200.00
Dar Merhba Bik	4	€10,000.00
Dar Sagra Familja	4	€27,500.00
Dar San Guzepp	3	€12,500.00
Dar Tal-Providenza	32	€159,800.00
Department of Mathematics, University of Malta	2	€108,000.00
Din L-Art Helwa	6	€21,000.00
Down Syndrome Association Malta	5	€38,200.00
Drama Outreach Project	5	€2,400.00
Eden And Razzett Foundation	3	€12,000.00
English Speaking Union Malta	3	€6,300.00
Europa Donna Malta	1	€5,000.00
European Foundation for Support of Culture	2	€10,000.00
Faculty of Science UoM	2	€2,000.00
Fondazzjoni Arka	3	€9,000.00
Fondazzjoni Kenn Ghal-Sahtek	2	€50,000.00
Food Bank Lifeline Foundation	1	€2,500.00
Foundation for Social Welfare Services	2	€700.00
Friends of the Earth	4	€22,000.00
Friends of the Sick and the Elderly in Gozo	2	€13,000.00
Gaia Foundation	2	€3,000.00
George Cross Island Association	1	€5,000.00
Gesu fil-Proxxmu	1	€5,000.00
Gymstars Gymnastics Club	1	€1,200.00
Gzira United Football Club	2	€5,500.00
Hal Qormi Local Council	2	€15,000.00
Happy Paws	4	€6,000.00
Heritage Malta	46	€367,020.00
Hospice Malta	19	€94,500.00

Inspire	38	€165,860.50
JAYE Malta Foundation	1	€10,000.00
Jays of Sunshine	1	€5,000.00
Jean Antide Foundation	1	€2,500.00
Jesuit Refugee Services Malta	1	€7,500.00
Joseph Calleja Foundation	1	€5,000.00
Ladybird Foundation	1	€10,000.00
Life Cycle	26	€90,500.00
Light Pollution Awareness Group	1	€2,500.00
Lija Athletics	1	€400.00
Little Sisters Of The Poor	1	€10,000.00
Love Malta By Fritz Grimm' Exhibition *	1	€3,000.00
Malta Association of Occupational Therapists	1	€3,500.00
Malta Aviation Museum Foundation	1	€2,500.00
Malta Climbing Club	2	€3,000.00
Malta Community Chest Fund	158	€1,119,587.45
Malta Emigrants Commission	4	€17,500.00
Malta Film Commission	1	€2,500.00
Malta International Contemporary Art Space	1	€5,000.00
Malta International Organ Festival Foundation	4	€22,000.00
Malta Midwives Association	1	€300.00
Malta Motorsport Federation	2	€1,000.00
Malta Philharmonic Orchestra	1	€5,000.00
Malta Red Cross	2	€7,000.00
Maltese Association's Alberto Marvelli	1	€5,000.00
Manoel Theatre	2	€15,000.00
Marigold Foundation	12	€50,500.00
Mediterranean institute of Marine Studies	1	€1,000.00
MICAS	3	€16,000.00
Millennium Chapel	7	€16,000.00
Missionaries of Charity	2	€2,000.00
MSPCA	2	€2,000.00
Multiple Sclerosis Malta	1	€5,000.00
Nadur Youngsters Football Club	1	€1,000.00
Natalis Notabilis	32	€121,400.00
National Federation of Past Pupils and Friends Of Don Bosco	2	€18,000.00
Nature Trust Malta	5	€20,500.00
Noah's Ark	1	€912.35
Notarial Archives Resources Council	3	€15,000.00
Opening Doors Association	1	€2,500.00
Order Of Malta Maltese Association	4	€13,000.00
Orthodox Church	4	€21,400.00
Otters Aquatic Sports Club	1	€5,000.00
Philatelic Society Malta	1	€2,000.00
Pink October	1	€10,000.00
Presidents' Foundation For The Wellbeing Of Society	8	€47,000.00
President's Fund	1	€5,000.00
Puttinu Cares	210	€1,354,496.75
Qrendi Football Club	6	€16,000.00
Research, Innovation & Development Trust - UoM	8	€32,300.00
Respite Care Services	1	€2,000.00
Richmond Foundation	3	€17,000.00

Rise Foundation	1	€100.00
Rmjs Horse Rescue	1	€2,000.00
Rotary Club	6	€116,999.00
Royal Malta Yacht Club	1	€2,500.00
Russian Maltese Circle	1	€4,550.00
Sacred Heart College Foundation	1	€300.00
Sagra Familja	1	€10,000.00
Scouts	1	€2,000.00
Sires Swimpolo Nursery	1	€1,300.00
Skychair Trust	1	€20,000.00
Society For The Protection And Care For Animals	1	€5,000.00
Socjeta Filarmonika Nicolo Isouard	3	€5,000.00
Socjeta Filarmonika Santa Maria	5	€9,000.00
Socjeta Muzikali La Stella Levantine AD 1894 Santa Marija	2	€3,000.00
Sovereign Military Hospitaller Order Of St John	2	€4,000.00
SPCA	4	€5,000.00
St George's Band Club	1	€4,000.00
St John Association Malta	4	€20,000.00
St John Council	1	€5,000.00
St Michael Hospice Foundation For Palliative Care	2	€1,000.00
St Patrick's Salesian School	3	€25,000.00
St Theresa Home	2	€10,000.00
St Ursula Monastery	1	€1,500.00
The Baptist Church	1	€2,000.00
The Chapter Hall Metropolitan Cathedral Chapter Mdina	1	€1,500.00
The Island Sanctuary	1	€3,000.00
The Ladybird Foundation	3	€8,000.00
The Mediterranean Institute of Marine Studies	1	€5,000.00
Ursuline Sisters	9	€41,500.00
Victoria Hotspurs Football Club	10	€85,500.00
Victoria International Arts Festival	1	€5,000.00
Vikings Sailing Club	6	€43,000.00
Wirt Artna	3	€8,020.00
YMCA	1	€5,000.00
Youth Alive Foundation	1	€3,000.00
Zejtun Corinthians FC	1	€10,000.00
TOTALS	916	€5,319,496.05

* 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.

APPENDIX 'C'

OR-GCES Operational Guidelines

Office of the Regulator

Granting of Citizenship for Exceptional Services



Operational Guidelines

Governance Arrangements for the Office of the Regulator GCES

Version 3

December 2020

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 GCES” also applies to those engaged within the Office of the Regulator GCES 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) and any Regulations or Notices made thereunder which may directly or indirectly refer or relate to the duties and functions of the Regulator GCES, in part or in whole.
03. “Regulations” shall mean Granting of Citizenship for Exceptional Services Regulations, 2020 (L.N. 437 of 2020) or the Individual Investor Programme of the Republic of Malta Regulations, 2014 (L.N. 47 of 2014) in respect of those cases where an application for Maltese citizenship had been made in terms of the said Programme. when such Programme was still in force.

2.0 Better Regulation

04. In general, where the Regulator GCES needs to consult stakeholders, the provisions of Directive No. 6 “Consultation Exercises with Stakeholders” issued on 24 February 2011, and Amending Directive No. 6.1 issued on 6th April 2017, shall apply. However, the following principles shall also apply.
05. The Regulator GCES 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 GCES 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 GCES 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 GCES shall provide advice and guidance to allow the Community Malta Agency (hereinafter referred to as the CMA) to better understand its role and responsibilities.
08. The Regulator GCES shall seek to create an environment in which the CMA can have confidence in the advice it receives and feel able to seek advice without fear of triggering enforcement action.

3.0 The Regulator GCES

09. Article 25 of the Malta Citizenship Act (Cap 188) as amended by Act No. XXXVIII of 2020 provides for the appointment of a Regulator *“for the purposes of the application process for the granting of Maltese citizenship by naturalization for exceptional services and the individual investor programme by collating and analyzing data and information”*. The Granting of Citizenship for Exceptional Services Regulations, 2020 are currently governed by Legal Notice 437 of 2020.
010. The Regulator GCES is appointed by the Prime Minister after consulting the Leader of the Opposition.
011. Any person appointed as Regulator GCES should be a person who has held the office of Judge or Magistrate, or who has held the office of Attorney General, State Advocate or Permanent Secretary, or who has practiced as an advocate or auditor or accountant 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.
012. The Regulator GCES shall act in his individual judgment and shall not be subject to the direction or control of any other person or authority.
013. The Regulator GCES may request any information from the Agency in the administration of (a) applications for the Granting of Maltese Citizenship by Naturalisation through Exceptional Services or (b) applications for Maltese Citizenship in terms of the Individual Investor Programme, and it shall be the duty of the Agency 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.
014. The Regulator GCES may at any time report to the Minister responsible for the Granting of Maltese Citizenship by Naturalisation through Exceptional Services, on any matter relating to the discharge of his functions.
015. The Regulator GCES 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 by naturalization for exceptional services or in terms of the Individual Investor Programme.
016. The Regulator GCES is also empowered to investigate complaints received in the prescribed form as provided for in the Second Schedule to the Citizenship (Amendment) Regulations 2020 – L.N. 443 of 2020 – [vide copy of form attached to these guidelines], by the applicant or his agent on behalf of the said applicant, about the process undertaken during the eligibility assessment in accordance with the Granting of Maltese Citizenship by Naturalisation through Exceptional Services Regulations or requests for reviews in the case of rejections or refusals for Maltese citizenship submitted to the MIIPA/CMA in terms of the Individual Investor Programme Regulations.
017. The Regulator GCES shall, in respect of Article 25B of the Act, provide the Monitoring Committee with any information as and when requested.
018. The title of the Office shall be known as: The Office of the Regulator, Granting of Citizenship for Exceptional Services (OR-GCES).

4.0 The Granting of Citizenship for Exceptional Services (GCES)

019. The GCES is intended as an enabler to allow for the grant of Maltese citizenship by a certificate of naturalization to foreign individuals and their families who render exceptional services to the Republic of Malta either by –
- (a) merit on the basis of humanity or on the basis of exceptional interest primarily through contributions by scientists, researchers, athletes, sports people, artists, cultural performers, investors and entrepreneurs. or
 - (b) direct investment in its economic and social development.
020. The CMA is the government entity responsible for the GCES. Hence the Regulator GCES will regulate the CMA in terms of its functions. Paragraphs 021-026 hereunder summarise the key elements of the GCES.
021. The Regulations detail the specific provisions of how an applicant is to apply under the GCES and the conditions that have to be satisfied.
022. The CMA will be responsible for licensing Agents.
023. The CMA 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 GCES will discharge his duties.
024. The number of successful main applicants, excluding dependants, shall not exceed four hundred (400) in any calendar year and one thousand and five hundred (1,500) for the whole duration of the scheme.
025. CMA shall retain 15% from contributions received through applications received under GCES and allocate 30% of the remaining balance to the Consolidated Fund and 70% to the National Development and Social Funds in accordance with the provisions of the Community Malta Agency (Establishment) Order, 2020 - Legal Notice 436 of 2020.
026. The GCES 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 GCES Provisions

027. The Regulator GCES intends to develop an ongoing collaborative working relationship with the CMA on matters of procedure whilst remaining separate, and be seen to do such, in respect of any operational activities for which the CMA 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 GCES.
028. As a general rule, the OR-GCES will not undertake parallel studies (e.g. due diligence processes and procedures) as undertaken by the CMA in its operations although up to a certain degree the Regulator GCES might verify, if he so deems fit and proper, their correctness in general terms where doubts would have been raised by third parties.
029. Regulatory interventions are envisaged to be of two main types:
- a. Overall compliance – that is ensuring, through a risk management approach, the checking of all (i.e. 100%) applications received by the CMA;
 - b. Specific compliance – in respect to specific cases where a complaint with the Regulator GCES in respect of an application is filed or where he feels that a regulatory investigation is required from his end, particularly after a report that he may receive and/or any contribution/news item/comments that appears in the media.
030. The Regulator GCES 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, but not necessarily limited to:
- a. An overview of the development of the Granting of Citizenship for Exceptional Services, and an overview of the applications that are still being processed under 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 OR-GCES in the fulfilment of obligations emanating from the provisions of the GCES regulations, namely the regular vetting of the applications (both those which were approved and those which were refused at the eligibility assessment phase) and ad hoc initiatives undertaken to address any issues which might have cropped up during the period in question;
 - d. Feedback from GCES 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 provisions of the Granting of Citizenship for Exceptional Services or the Individual Investor Programme nor any reference to the proceedings of the Monitoring Committee.

6.0 Governance Principles

031. The Regulator GCES 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)

032. 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.
033. RROs include the asking for, and being provided with, any information that the Regulator GCES may request from any natural or legal person referred to in the Act or Regulations, public or private, in connection with the GCES.
034. RROs include vetting applications received, processed and approved or refused at eligibility assessment stage, to ensure that they have been processed in conformity with the Regulations.
035. RROs include the compilation of statistics of applications received, approved and refused as well as the origin of the applicant and the nature of the investment made in conformity with the Regulations.
036. RROs shall include the preparation of an annual report for presentation to the Minister for laying in Parliament.
037. RROs shall also include keeping up to date with the development of similar schemes, their terms and conditions, in other EU or International States.
038. RROs shall also include the formulation of advice to Government, the Minister and the Monitoring Committee on any aspect of the GCES and its administration.

8.0 Specific Regulatory Operations (SRO)

039. Specific regulatory operations are those regulatory functions which shall be carried out in response to an official complaint against the CMA's refusal of an application at the eligibility assessment stage, in its capacity as the administrator of the Granting of Citizenship for Exceptional Services in accordance with LN 437 of 2020 or against the rejection by the Minister in cases of an application in accordance with the Individual Investor Programme terms of L.N. 47 of 2014 as in force prior to the advent of L.N. 437 of 2020.
040. Upon receipt of a complaint lodged in the form and manner as prescribed by law, the Regulator GCES shall notify the CMA and request access to the relevant application documentation. If deemed necessary, the Regulator GCES may request the CMA's position in respect of that particular case.
041. The Regulator GCES reserves the right, if so he deems necessary, to call in any party involved in the complaint to gather evidence as to the case in question.
042. The Regulator GCES shall examine the case referred to him by the complainant and determine whether it has been correctly, justly and equitably dealt with by CMA in conformity with the relative Regulations. At the end of this process, -
- (a) if the case would be one of those where the application had been submitted in terms of the Individual Investor Programme and Regulations thereto, if the Regulator GCSE determines that the case had been dealt with correctly, justly and with equity by the MIIPA/CMA in conformity with the Regulations, the Regulator GCSE informs the complainant accordingly, and if this has not been the case the Regulator GCSE informs the Minister accordingly so that the latter establishes what steps to take in the circumstances; and
 - (b) If the case would be one of those where the application had been lodged in terms of the Granting of Citizenship for Exceptional Services Regulations 2020, whatever the Regulator GCSE determines about this case, he shall inform the Minister about everything that he deems fit and proper about this case together with his Recommendations about this same case.
043. A copy of the Report and Recommendations made to the Minister by the Regulator GCES in terms of paragraph 042 above shall also be sent to the CMA.

Form D2
(Regulation 4A)

COMPLAINT REGARDING THE REFUSAL OF ELIGIBILITY TO APPLY
FOR NATURALIZATION AS A CITIZENSHIP OF MALTA UNDER
ARTICLE 10(9) AND THE GRANTING FOR CITIZENSHIP FOR
EXCEPTIONAL SERVICES REGULATIONS.

Name and Surname of Complainant:

.....

Address:

.....

To the Regulator

The complainant/I* has/have* received notice from Community Malta Agency by means of letter dated that my/his/her* application to be considered eligible to apply for naturalization in terms of the Granting of Citizenship for Exceptional Services Regulations has been refused by the Minister.

In terms of the provisions of Article 25A of the Maltese Citizenship Act, the complainant/I* is/am* hereby requesting you to make the necessary investigations into the process which has resulted in the said refusal.

..... or

(Signature of Complainant)

** Name of Agent and Licence Number

.....

.....

(Signature of Agent)

* Delete as appropriate

** Delete if complaint is not being filed through an Agent on behalf of the complainant.