

5 February 2020

MFSA publishes a revised Corporate Governance Framework for Authorised Entities and Listed Companies in Stakeholder Consultation

- Consultation Paper proposes the promulgation of a comprehensive high-level, principles-based, cross-sectorial Corporate Governance Code, supplemented by sector-specific rules and complementing guidelines.
- MFSA is proposing principles to reinforce the fundamental role of the Board of Directors, requiring companies to explain the appointment process and selection criteria applied.
- Proposed Framework makes explicit reference to companies having adequate internal control mechanisms to manage their money-laundering and terrorism financing risks.

The Malta Financial Services Authority has today [launched a stakeholder consultation](#) setting out several proposals for the promulgation of a comprehensive principles-based Corporate Governance Code which is applicable to all entities authorised by the MFSA and Listed Companies, which would then be supplemented by sector-specific rules and complementing guidance notes.

The Authority is proposing that entities will be expected to 'apply and explain' the high-level principles-based code, and to 'comply or explain' how they are following the applicable rules and guidelines. The consultation also puts forward principles, for inclusion in the proposed Corporate Governance Code, on the Board of Directors, the responsibilities of functionaries and officials, engagement with stakeholders, committees, corporate culture, ethics framework, risk management, as well as other topics.

MFSA Chief Executive Officer, Joseph Cuschieri, commented that "We believe that the proposals set out in today's publication will significantly raise the bar with respect to standards of Corporate Governance and set the tone in so far as the Authority's expectations. We have put forward these proposals because we believe that the focus on Corporate Governance will have a positive effect on the financial services industry and will raise compliance standards across the board".

The Consultation Document is publicly available on the MFSA website and will remain open until Wednesday 26 February 2020. Interested parties are invited to send their feedback on CorporateGovernance@mfsa.mt by this date.

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. As of last year, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Vision 2021, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. Over 2,300 entities are licensed by the MFSA to operate in the financial services sector, which makes up 11% of the Maltese Gross Domestic Product.



@MFSA publishes consultation document on Corporate Governance for authorised entities and Listed Companies