

22 February 2022

New MFSA Corporate Governance Code - Enhancing the Governance, Culture and Conduct of MFSA Authorised Entities

The Malta Financial Services Authority (MFSA) today [launched](#) a month-long consultation on its proposed Corporate Governance Code, an important factor when it comes to fostering and enhancing governance, culture and conduct.

Good governance is fundamental for investor protection, market integrity and financial soundness as it ensures that institutions operate transparently. It also minimises the risk of failure, safeguards stakeholders' rights and avoids excessive risk taking in corporate decision making.

Once in force, the Code will be applicable to all persons authorised by the MFSA but would not apply to listed entities falling within the scope of the MFSA Capital Market Rules, given that these already include specific governance provisions applicable to such entities.

The Authority identified Corporate Governance as one of its main strategic priority objectives, as outlined in the [MFSA Strategic Plan 2019-2021](#) and subsequently in its [Strategic Update](#) published in 2021 and the [Supervisory Priorities](#) for 2022. The supervisory focus on the internal governance of financial services firms is therefore intended to be maintained.

The Consultation Document can be accessed from the Authority's website. Any comments or feedback are to be addressed to the Strategy, Policy and Innovation function by sending an email on corporategovernance@mfsa.mt, by no later than **22 March 2022**.

AIMS:

The Corporate Governance Code is intended to:

- ✓ Set out best practices in corporate governance for Malta's financial services sector and encourage their adoption by all authorised entities;
- ✓ Improve relationships between authorised entities and their stakeholders.
- ✓ Ensure effective functioning of authorised entities' Boards so that the best decisions are taken;
- ✓ Ensure that: (i) boards exercise adequate oversight of executive management; (ii) boards have an adequate understanding of risk; (iii) firms maintain high standards of corporate and compliance culture; and that (iv) firms have adequate internal controls;

- ✓ Support authorised entities to implement improved governance standards to achieve enhanced resilience and sustainable operations.
- ✓ Encourage authorised entities to integrate sustainable, environmental and social aspects in their business strategy.

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. In 2018, 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. The MFSA licenses over 2,000 entities to operate in the financial services sector.



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