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## MFSA Launches Corporate Governance Code for Authorised Entities

The MFSA has today launched its [Corporate Governance Code](#) for MFSA authorised entities. The Code provides a list of guiding principles, complemented with supporting provisions and its application is based on the principle of proportionality.

These principles are designed to enhance the legal, institutional and regulatory framework for good governance in the Maltese financial services sector. They thus complement the current provisions already in force in the legal and regulatory framework.

The Code's application on a 'best-effort basis' was adopted primarily to ensure a proportionate approach, given that a wide range of entities fall within its scope. Entities are expected to endeavour to adhere to the Code in a manner that is commensurate with the nature, size and complexity of the entity concerned. The provisions of the Code are without prejudice to any requirements set out in the applicable regulatory frameworks.

Clare Farrugia, Head of Strategy, Policy and Innovation, stated that the Authority considers good corporate governance as being fundamental for investor protection, market integrity and financial soundness. Furthermore, the Authority believes that the increased supervisory focus and the policy initiatives that the MFSA is implementing in this area, such as this Code, are conducive to steering board members and practitioners alike, to adopt good judgement and in guiding entities in the right direction to achieve a strong corporate governance ethic.

The Code will serve as a benchmark for future policy alignment in evaluating any changes that may be required in the MFSA Rules and existing codes and guidelines, with an overall aim of retaining a balance between prescriptive regulation and 'soft law', applicable to the various entities.

The process of drafting the Code started with a [Consultation Document](#), with most respondents welcoming the initiative and the proposal to issue a comprehensive, principles-based Corporate Governance Code. The Authority's response and positions were highlighted in a [Feedback Statement](#).

A draft [Corporate Governance Code](#) was then issued for public consultation, giving stakeholders a further opportunity to provide views, comments and suggestions, prior to it coming into force. A [Feedback Statement](#) is today being published, together with the [final Corporate Governance Code](#), on the Authority's website.

## HIGHLIGHTS OF THE CODE

- Sets out best practice in corporate governance for entities falling within the MFSA's regulatory remit, by enhancing the legal, institutional, and regulatory framework;
- Enhances governance structures, improve relations, and strengthen trust with stakeholders;
- Ensures effective operation of authorised entities' boards and management;
- assist directors and senior management to fulfil their duties;
- Ensures that authorised entities have adequate and effective internal controls, and procedures to discharge their responsibilities and monitor outcomes;
- Enhance stakeholder and public confidence in the financial services sector in general;
- Assist entities to put in place improved governance standards to achieve enhanced resilience and sustainable operations going forward, as well as ensuring ethical behaviour.

This Corporate Governance Code does not apply to MFSA listed entities falling within the scope of the Capital Market Rules, nor to authorised entities which are also listed entities falling within the scope of the Capital Markets Rules, given that these contain more specific provisions in this regard. This Code also does not apply to authorised persons who are natural persons.

## 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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