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MFSA Issues Policy and Guidance Note on Regulatory Reporting Breaches

The Malta Financial Services Authority has published a [Policy Document](#) on non-material enforcement action as well as a [Guidance Note](#) on the methodology adopted to set administrative penalties relating to non-material breaches.

The aim of both documents is to provide transparency and consistency in the interpretation of non-material breaches and the subsequent application of administrative penalties. These documents set out the principles and processes for calculating the amount of the administrative penalty that may be imposed by the MFSA on licensed financial services providers following non-material breaches of European or local legislation, regulations, and rules. Non-material breaches include those that relate to the submissions of regulatory reporting to the Authority, a non-exhaustive list of which is provided in the Guidance Note.

Although the information in the Guidance Note is not binding on the Authority, it clearly outlines the method that could be used by the MFSA to ensure that administrative penalties are proportionate, effective and dissuasive.

When computing the administrative penalty with respect to non-material breaches, the Authority considers factors such as the duration of the potential breach and repeated breaches of the same regulatory provision/s in the previous three financial years.

Furthermore, the Policy also outlines the full process for non-material enforcement action, including the right to appeal.

“The MFSA aims to ensure that the Persons it authorises to provide financial services, in or from Malta, as well as all Persons falling within its regulatory or supervisory remit, remain compliant with the applicable EU and local financial services legislation and regulatory framework. For this to be possible, the MFSA is continually seeking ways to strengthen its supervisory functions. Following the publication of the Guidance note on the calculation of administrative penalties issued earlier this year, the implementation and publication of this latest policy on non-material breaches and the corresponding Guidance Note, is another step in the right direction which is aimed at ensuring that there is transparency of the Authority’s policies and practices for licence holders authorised and supervised by the MFSA. This is in line with the Authority’s continuous efforts on increasing transparency.” said Dr Michelle Mizzi Buontempo, Chief Officer Enforcement and MFSA’s Acting CEO.

Read the full Policy [here](#) and the Guidance Note [here](#).

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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