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MFSA Expects More Transparency in Entities' Sustainability-Related Disclosures, for the Benefit of Investors

The Malta Financial Services Authority (MFSA) has [issued](#) the latest edition of "The Nature and Art of Supervision" publication series, highlighting the importance of environmental, social, and governance disclosures in financial market activities, for investors to make better informed decisions.

The publication outlines the findings of a supervisory analysis carried out by the Authority to assess compliance with the EU's Sustainable Finance Disclosure Regulation (SFDR)'s requirements. The analysis was carried out among investment firms and credit institutions which provide investment advice or portfolio management services, insurance undertakings which provide investment advice or portfolio management services and fund managers.

The SFDR aims to increase transparency and comparability of sustainability-related disclosures to provide investors with greater insight into sustainability risks. The analysis found significant room for improvement in the quality and depth of disclosures, as well as in their ease of accessibility on the websites of licensed entities.

In addition to identifying cases of non-compliance, the report provides examples of good practices as well as high-level expectations. The MFSA expects entities to consider the observations set out in the document when implementing the requirements of the SFDR.

The analysis was based on information reported by financial market participants and financial advisers in the context of the MFSA's 2021 self-assessment questionnaire, as well as desk-based reviews of disclosures by a sample of licence holders carried out between September and December 2022.

The latest volume of "The Nature and Art of Supervision" document is [available](#) on the MFSA's website.

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 Strategic Statement, 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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