

L.N. of 2023

**FINANCIAL MARKET ACT
(CAP. 345)**

**INVESTMENT SERVICES ACT
(CAP. 370)**

Algorithmic Trading (Amendment) Regulations, 2023

IN EXERCISE of the powers conferred by article 49 of the Financial Market Act, and article 12 of the Investment Services Act, the Minister responsible for the regulation of Financial Services, acting on the advice of the Malta Financial Services Authority, has made the following regulations:

Citation.

1. (1) The title of these regulations is Algorithmic Trading (Amendment) Regulations, 2023 and these regulations shall be read and construed as one with the Algorithmic Trading Regulations, S.L. 345.23 and S.L. 370.38, hereinafter referred to as “the principal regulations”.

(2) The purpose of these regulations is to transpose Article 6(2)(a) of the Directive (EU) 2022/2556 of the European Parliament and of the Council of 14 December 2022 amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, 2014/65/EU, (EU) 2015/2366 and (EU) 2016/2341 as regards digital operational resilience for the financial sector.

Amends regulation 2 of the principal regulations

2. Sub-regulation (1) of regulation 2 of the principal regulations shall be amended as follows:

(a) immediately after the definition "competent authority", there shall be added the following new definition:

““DORA Regulation" means Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011, as amended from time to time, and includes any implementing measures that have been or may be issued thereunder;”;

Amends regulation 3 of the principal regulations

3. Regulation 3 of the principal regulations shall be substituted by the following:

“3. A Maltese investment firm that engages in algorithmic trading shall have in place:

(a) effective systems and risk controls suitable to the business it operates to ensure that its trading systems are resilient and have sufficient capacity in accordance with the requirements laid down in Chapter II of DORA Regulation, are subject to appropriate trading thresholds and limits and prevent the sending of erroneous orders or the systems otherwise functioning in a way that may create or contribute to a disorderly market;

(b) effective systems and risk controls to ensure the trading systems cannot be used for any purpose that is contrary to MAR or to the rules of a trading venue to which it is connected;

(c) effective business continuity arrangements to deal with any failure of its trading systems, including ICT business continuity policy and plans and ICT response and recovery plans established in accordance with Article 11 of DORA Regulation, and shall ensure its systems are fully tested and properly monitored to ensure that they meet the general requirements laid down in this paragraph and any specific requirements laid down in Chapters II and IV of DORA Regulation.”