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## Building a Compliant Crypto Future: MFSA Outlines Key Conduct Rules for Operators

The Malta Financial Services Authority (MFSA) held a recent workshop for Crypto-Asset Service Providers (CASPs) on MiCAR Requirements on Market Conduct and the MFSA Expectations. Organised within months from the granting of the first MiCA licences in Malta, the event brought together several market participants, including licensed and prospective entities, legal and compliance professionals, and regulatory experts.

The workshop provided an in-depth look into the MFSA's supervisory expectations under the Markets in Crypto-Assets Regulation (MiCA), with presentations by the regulator's Head of Conduct Supervision Sarah Pulis, Deputy Head Pauline Tonna and Assistant Manager Antonio Battaglino. Discussions focused on conduct obligations, compliance requirements, and practical supervisory insights, equipping participants with the tools to operate within the new regulatory framework.

Key highlights from the workshop included:

- **Conflict of Interest Management:** CASPs were reminded that identifying and disclosing conflicts of interest alone is not sufficient. They must implement measures to prevent and manage these conflicts in practice, beyond mere disclosure.
- **Client Best Interest and Best Execution:** CASPs are expected to act in their clients' best interests during trade execution. This includes a comprehensive assessment of factors such as price, cost, speed, execution likelihood, and settlement reliability. The MFSA emphasised that best execution is not solely about obtaining the best price, but also about optimising overall client outcomes through a holistic approach.
- **Marketing and Communication Standards:** All marketing material should be fair, clear, and not misleading. In addition, transparency around promotions and incentives is essential, including clearly outlined conditions. Incentives must be proportionate, relevant to the service or product, and not of substantial value.
- **Compliance Function:** The MFSA stressed the importance of a permanent, effective, and independent compliance function within CASPs, as a critical pillar of sound governance and regulatory adherence.
- **Website Disclosures and Best Practice:** As a best practice, regulatory and risk disclosures should be prominently included in the footnotes across all pages of CASPs' websites. During the event, reference was also made to the recent thematic review of CASP websites which the MFSA has undertaken, and which findings were issued in a [Dear CEO Letter](#) to the sector.

Other topics were also addressed during the workshop, namely, Reverse Solicitation, Advisory and Portfolio Management, Transfer Services and Complaints Handling.

The event reaffirmed the MFSA's commitment to building a robust, innovative, and transparent crypto-asset market in Malta, aligned with European standards and investor protection principles.

"By fostering dialogue between us, as the regulator, and industry players, this workshop has enabled stakeholders to better understand and implement MiCA requirements," said Sarah Pulis. "With the first MiCA licences now issued, the MFSA remains focused on supporting high standards of market conduct and operational resilience within the sector."

## About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator for the financial services sector in Malta, including credit and financial institutions, securities and investment service companies, recognised investment exchanges, insurance companies and intermediaries, pension schemes, company service providers, trustees and 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 2,300 entities to operate in the financial services sector.

