2024

Annual Report

MFSA
MALTA FINANCIAL SERVICES AUTHORITY

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Our
Mission

To be an independent, proactive and trustworthy supervisory authority whose purpose is to safeguard the integrity of markets and maintain stability within the financial sector for the benefit and protection of consumers.

Chairman's Foreword

"Together, we are working towards our vision for a financial services sector that is not only compliant and competitive, but also resilient and agile.
We remain committed to our vision: a financial system that works for everyone."

In an era defined by rapid transformation and global uncertainty, the Malta Financial Services Authority (MFSA) has remained steadfast in its mission: to safeguard the stability, integrity and long-term sustainability of Malta's financial services sector.

This past year has reaffirmed the importance of sustaining a regulatory environment that is both robust and adaptable – one that protects consumers, fosters innovation and maintains public trust. As Chairman of the Authority, I am proud to reflect on a year marked by collaboration, resilience and progress, while embracing a more proactive and risk-sensitive approach to regulation.

2024 was marked by continued efforts to reinforce our regulatory foundations while adapting to the evolving needs of our sector. We approached this mandate with responsibility and a clear purpose, not just as a regulator, but as a catalyst for positive change.

Strengthening Engagement with Stakeholders

The Authority's work in 2024 has been shaped by close collaboration with stakeholders and increased engagement with financial services users. Together, these relationships contributed towards long-term strategic initiatives aimed at enhancing Malta's reputation as a competitive and well-regulated jurisdiction.

Our engagements with stakeholders are not one-off interactions, they are part of a continuous and ongoing dialogue that informs our policies, guides our regulatory priorities and aligns our actions with the needs of the market.

Engagement with regulated entities, national competent authorities and industry associations was also strengthened through technical committees and bilateral meetings which encourage open exchange of ideas and establish a unified approach that works across different sectors.

Equally important is our recognition that the financial industry is ultimately led by consumers, whose behaviours, expectations and trust, shape the direction of the entire ecosystem. Consumers are key stakeholders and not just service users. Ensuring their voices are heard and their experiences understood remains central to the MFSA's work. It is only through acknowledging their evolving role that we can build a financial environment that is truly responsive and adaptable to future challenges.

Inspiring confidence in Financial Services Users

A financial system is only as strong as the confidence it inspires in its users. Throughout 2024, efforts to promote financial literacy, consumer protection and product transparency were further intensified. Financial services are not merely institutional constructs - they are tools that shape people's lives, livelihoods and futures.

In this vein, we delivered a series of campaigns and initiatives focused on demystifying key financial concepts, such as greenwashing, and explaining the basics of investments in bonds. The aim of these outreach activities was to cultivate a more informed and confident investor base, one that is able to make sound financial decisions supported by clear and accessible information.

In parallel, the Authority has continued to enhance its complaints handling and market monitoring functions to better understand the experience of financial services users. This data-driven approach has enabled us to respond more effectively to patterns of misconduct, product misalignment and operational deficiencies. It has also informed our regulatory responses, allowing us to guide firms toward practices that prioritise clarity, suitability and consumer welfare.

Through our supervisory work we placed strong emphasis on product governance, ethical conduct, and transparent communication. We expect financial service providers to not only comply with regulatory obligations but to do so in a manner that respects and reflects the needs of the end-user. We encourage firms to place their customers at the heart of their operations, with measurable outcomes.

Looking ahead, our ambition remains focused on fostering a market in which confidence is earned through consistent behaviour, where information is accessible and digestible, and where all sectors of the economy are equipped with sufficient knowledge and tools to engage responsibly with financial services.

Continued partnership with the Malta Financial Services Advisory Council

The MFSA's initiatives align with the strategic priorities set out in the MFSAC Strategy. Our ongoing dialogue with the Council throughout 2024 has been instrumental in shaping the future direction of the sector.

Our alignment with the MFSAC also extends to sustainability. Such joint efforts have laid the groundwork for Malta's financial sector while contributing meaningfully to the green transition. The MFSA continues to support the integration of ESG factors within regulatory policies and industry practices, recognising the critical role that finance plays in driving sustainable development.

As part of the capital markets strategy, which we're implementing in line with the MFSAC's priorities, we must focus on extending financial awareness to other critical sectors of the Maltese economy. In this regard, the MFSA has prioritised targeted outreach to the construction and tourism industries, encouraging active engagement within the capital market while building a clearer understanding of the financial exposures and responsibilities involved.

Looking Ahead

As we prepare for future opportunities and responsibilities, the MFSA remains focused on strengthening its supervisory and enforcement capabilities, evolving the regulatory framework and investing in technological transformation to meet the demands of an increasingly complex financial landscape. Moving forward effectively also requires acknowledging areas where improvement is necessary.

One such area is the limited growth within the investment funds sector. Despite overall market resilience, this segment continues to perform below its potential. Addressing this challenge calls for targeted market development strategies coupled with closer collaboration with industry stakeholders to identify and remove barriers to entry and expansion.

Malta's capital markets also remain concentrated in a small number of sectors. While this has contributed to a degree of stability, it has also created vulnerabilities and limited opportunities for diversification. A resilient and dynamic capital market must be representative of a broader cross-section of the economy. To encourage more balanced growth, we are advocating for greater participation from underrepresented sectors such as manufacturing, research and development and technology. Diversification is essential to support sustainable economic growth, improve risk distribution and encourage innovation.

Alongside efforts to expand participation, progress in capital markets must be anchored in robust and transparent risk management. The MFSA is placing increased emphasis on ensuring that market growth is underpinned by sound governance, effective oversight and adequate internal controls. Strategically, capital markets are expected to continue expanding, driven by both domestic and international investment appetite. To keep pace, the Authority is reinforcing its capacity for risk identification and measurement, enabling a more engaged supervisory approach that examines transaction structures and firm-level practices in greater depth to gain a comprehensive view of emerging exposures.

It is equally important to recognise that financial instruments carry inherent risks. In addition to its supervisory role, the MFSA is committed to enhancing financial literacy among market participants by raising awareness of the responsibilities and potential exposures associated with capital market engagement. The objective is to ensure that growth is not only enabled but informed - supported by a culture of transparency, diligence and shared accountability.

As Malta's financial services industry matures, there must be a renewed sense of optimism in facilitating communication and collaboration across industries. Our ability to innovate and grow depends not only on robust regulation, but also on clear and cooperative communication channels between sectors. This includes enhancing dialogue between financial services and other parts of the economy. Stronger streams of communication enable us to anticipate emerging risks, harness new opportunities and design regulatory strategies that are both pragmatic and progressive.

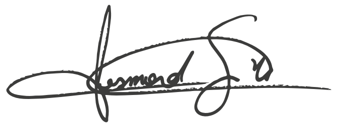
An issue that warrants attention is financial exclusion, particularly among retail businesses and SMEs that continue to face challenges in opening or maintaining bank accounts. This hampers economic participation and financial stability. We are actively working with relevant stakeholders and authorities to explore long-term solutions aimed at fostering a more inclusive and accessible financial environment.

Maintaining public confidence remains a top priority. This can only be achieved through a consistent track record of fairness, transparency and timely action. Our strategic direction in 2025 will reflect this ethos, with a sharpened focus on cybersecurity, operational resilience, sustainable finance and market education.

None of this would be possible without the dedication and commitment of our people. I am deeply grateful to the Authority's employees, the Executive Committee and the Board of Governors, whose professionalism and integrity continue to drive the MFSA's mission forward.

To our stakeholders, partners, and the general public: thank you for your trust, collaboration and shared commitment to a financial system that is secure, inclusive and responsive. Together, we are working towards our vision for a financial services sector that is not only compliant and competitive, but also resilient and agile.

We remain committed to our vision: a financial system that works for everyone.



Jesmond Gatt
Chairman

Our Vision

To be a leading, forward-looking financial services regulator, having the respect and trust of the industry and the general public, contributing towards a strong and dynamic financial sector.

CEO Statement

"What is underway is more than a procedural upgrade – it is about embedding a philosophy of smarter, more balanced regulation across the financial sector. Ensuring that our work adds tangible value remains a top priority."

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The MFSA has long been a pillar of stability and innovation within Malta's financial services landscape. Over the past year, the Authority has continued to strengthen its regulatory role, deepening stakeholder engagement, enhancing internal capabilities and streamlining operational processes, all whilst navigating a rapidly evolving local and global environment. Against this backdrop, the MFSA has remained focused on delivering its main purpose - safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers.

A Proactive and Forward-Looking Regulator

In 2024, we continued to shift towards more intelligent, risk-based and efficient supervision, supported by advanced data use and cross-regulator collaboration.

Initiatives to further strengthen our supervisory function will continue, alongside efforts to improve data integration and policy coordination. This, coupled with increased collaboration with other national and European standard bodies, illustrates our commitment to applying technology and joint intelligence in governance oversight.

The publication of the Strategic Update in January 2025 underscored the Authority's commitment to transparency and public accountability. It highlighted progress against the strategic milestones set in 2023 whilst also providing clarity on ongoing work and reasons for any delays.

In 2024, the MFSA started transitioning to a Compliance Outcomes-Based supervisory model by implementing a pilot project within three of its supervisory functions. In 2025, the MFSA will apply the outcomes-based approach throughout its supervision of the entire financial services sector, marking a significant change in how we assess and respond to risk. Rather than measuring success by volume or frequency, the emphasis is increasingly directed towards the quality and long-term impact of our interventions.

What is underway is more than a procedural upgrade – it is about embedding a philosophy of smarter, more balanced regulation across the financial sector. Ensuring that our work adds tangible value remains a top priority.

Stakeholder Engagement - Collaborating and Building Partnerships

Throughout 2024, the MFSA actively engaged with stakeholders, both locally and internationally.

We have organised several high-standard events, including conferences on Financial Stability, the Future of Banking Supervision and the Regulation of TCSPs. These platforms enabled us to discuss emerging trends, showcase best practices and learn from global stakeholders, whilst also encouraging meaningful dialogue with key participants across the financial services sector. This reinforced the Authority's commitment to open, informed, and forward-looking regulatory discourse.

MFSA officials have also participated in several local and overseas conferences, seminars, and policy roundtables, where we consistently positioned Malta as an active participant in the global dialogue on regulation.

Furthermore, consultations were held on several key reforms, including extending the NPIF framework to include Self-Managed NPIFs, and proposed new frameworks such as those for Sponsors and Special Limited Partnership Funds. These initiatives reflect our adaptability and responsiveness, as well as our ongoing commitment to regulatory innovation.

Investing in Our Workforce, Technological Innovations, and Laying the Foundation for the Future

A modern regulatory authority requires a skilled workforce and a robust technological infrastructure. In 2024, the MFSA remained committed to building a future-ready organisation by investing significantly in its people and systems.

Empowering and strengthening our workforce remains central to our strategy. Through the Financial Supervisors Academy (FSA), our team received training on various topics, promoting a culture of continuous improvement and knowledge-sharing. Various initiatives seeking to attract, and retain, the talent and expertise essential for effective market oversight have also been undertaken. Such initiatives strengthen our ability to deliver in an efficient and effective manner, benefiting stakeholders and the wider economy.

On the digital transformation front, the ongoing implementation of the SCMS platform represents a cornerstone of our operational enhancements. It will enable seamless regulatory workflows, better data governance and improved oversight across all supervisory touchpoints.

Simplifying and Streamlining Regulation

Efficiency remains at the core of our strategy. In 2024 the MFSA championed the philosophy of "more streamlined regulation, more effective outcomes", striking the right balance between reducing administrative burden and maintaining the highest standards.

The internal harmonisation of supervisory tools and workflows sought to provide greater clarity for authorised persons. In this respect, we have also worked closely with the Financial Intelligence Analysis Unit (FIAU), the Malta Business Registry (MBR) and the Central Bank of Malta (CBM), to align compliance reporting and reduce regulatory burdens.

Looking Ahead

As I reflect on our achievements in 2024, I am confident that the MFSA is well-positioned to navigate the challenges and opportunities that lie ahead.

The momentum achieved will continue to shape our future endeavours. Strategic objectives remain focused on targeting efficiency, safeguarding market integrity, strengthening resilience and driving sustainable innovation. Internal frameworks will undergo further modernisation, with ongoing efforts to promote financial stability and maintain proactive engagement with both domestic and international stakeholders.

The implementation of the MFSA's strategic roadmap will continue into 2025 and 2026, with ongoing initiatives expected to reinforce our role as a globally respected financial regulator, and as a key driver of sustainable sectoral growth.

The progress made over the past year reflects not only the Authority's strategic direction but also the commitment of the MFSA team and the valuable collaboration with our stakeholders and partners. As we look ahead, the MFSA remains committed to lead Malta's financial services sector into a future defined by resilience, innovation, and international trust.

Kenneth Farrugia
Chief Executive Officer

Our
Values

Integrity

An integral part of our mission, guiding our actions and decisions

Trustworthiness

To act with fairness, objectivity and respect when dealing with consumers and licence-holders

Dependability

To act in a reliable, transparent and accountable manner at all times

Excellence

To have the right competencies to combine quality with efficiency to demonstrate professionalism and to contribute to the setting of high standards

Independence

Refers to performing the Authority's duties without external influence

Our Identity

Organisation

The MFSA was established in 2002 by the Malta Financial Services Authority Act (Cap. 330). The Authority 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 is also responsible for the regulation and oversight of the capital markets in Malta.

Board of Governors

The Board of Governors is responsible for establishing the policies and risk parameters to be pursued by the Authority. The Board determines policies by following guidelines issued by the Government and outlined in the MFSA Act. It is also responsible for advising Government on matters relating to the development and regulation of the financial services sector. The following were appointed as members of the Board of Governors on 17 February 2023.

Mr Jesmond Gatt
Chairman

Mr Kenneth Farrugia
Chief Executive Officer
(Appointed on 12 April 2023)

Prof. Philip von Brockdorff
Member

Mr Mark Galea
Member

Dr Carl Brincat
Member

Dr Stephanie Vella
Member

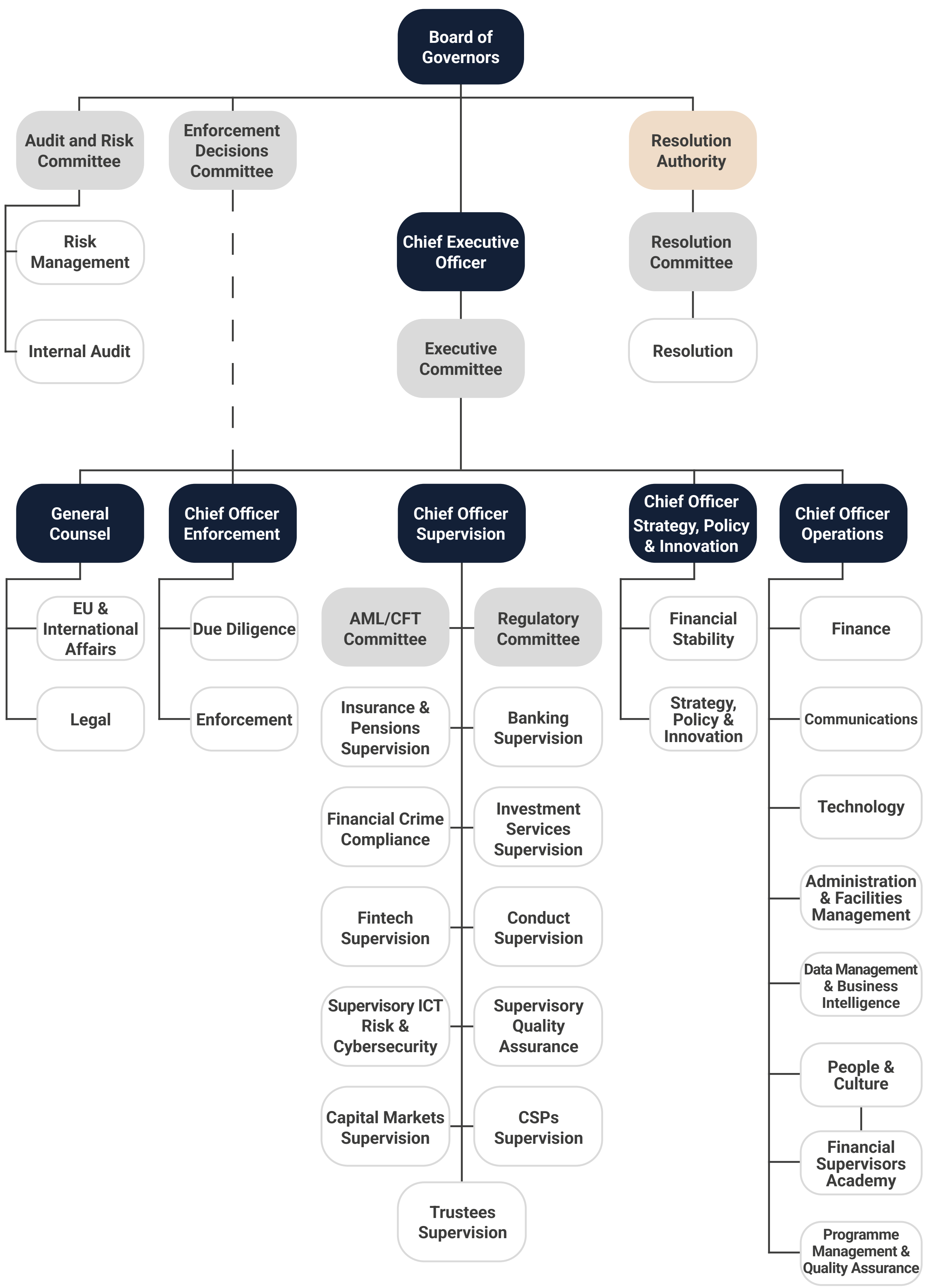
Mr Joseph Caruana
Member

Dr Anton Bartolo
Member

Mr John Sammut
Secretary

Prof. Edward Scicluna – Terminated as per Government publication dated 26 July 2024

Organisational Chart



Executive Committee

The Executive Committee (ExCo), appointed in terms of Article 9 of the MFSA Act, is the main organ of the Authority, being responsible for the implementation of the strategy and policies of the MFSA. Approvals related to regulation as well as those required for the issuing of licences and other authorisations also fall under the responsibility of this Committee. It is also entrusted with the monitoring and supervision of entities licensed or authorised by the Authority in the financial services sector, as well as the enforcement of the regulatory framework in this same sector. It also makes recommendations to, and otherwise assists, the Board of Governors in the admissibility to listing of financial instruments. Moreover, ExCo is responsible for the overall performance of the Authority including its financial affairs, human resources, and ancillary services, as well as the general coordination and management of the Authority's administrative and operational affairs.

Mr Kenneth Farrugia
Chief Executive Officer and Chair Of ExCo

Prof. Christopher P. Buttigieg
Chief Officer Supervision

Dr Edwina Licari
General Counsel

Dr Michelle Mizzi Buontempo
Chief Officer Enforcement

Ing. Ivan Zammit
Chief Officer Operations

Dr Michael Xuereb
Chief Officer Strategy, Policy and Innovation
(until 23 April 2025)

Ms Rosalie Tanti
Secretary

AML/CFT Committee

The objective of this Committee is to act as a consultative forum and advise the Executive Committee, through its Chair, on matters relating to AML/CFT. Specifically, this Committee's remit revolves around facilitating the Authority's AML/CFT-related strategic decision-making with implementing efforts and relevant controls, pursuant to both European and international standards and expectations, in a streamlined and consistent manner across the MFSA's Directorates.

Members	
Prof. Christopher P. Buttigieg	Chairman
Dr Michael Xuereb	Deputy Chairman
Mr Paul Caruana	Member
Ms Margherita Privitera	Member
Mr Matthew Scicluna	Member
Mr Stephen Galea	Member
Mr Eric Micallef	Secretary
Ms Maria Callus	Alternate Secretary

Audit and Risk Committees

Audit Committee

The Audit Committee was established by and reports to the Board of Governors in accordance with Article 12A of the Malta Financial Services Authority Act (Cap. 330). The Audit Committee assists the Board of Governors in its oversight responsibilities with respect to internal governance and controls, financial statements, risk management and internal audit functions of the Authority. In 2024, the Audit Committee was merged with the Risk Committee to form the Audit and Risk Committee (ARCO).

Members	
Prof. Philip von Brockdorff	Chairman
Dr Anton Bartolo	Member
Dr Stephanie Vella	Member
Mr John Sammut	Secretary

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Risk Committee

The Risk Committee was established by the Board of Governors of the Authority as part of the governance structure of the Board's responsibilities. While it ultimately reported to the Board of Governors, the Committee was independent and acted independently of the Board. The Committee operated in accordance with the relevant provisions of the Risk Committee Charter.

The responsibility of the Committee was to establish an organisation-wide risk management framework for the Authority and the oversight of the operations of the risk management framework including the ongoing review of the Risk Register and the action plans around it. Consequently, the Committee assisted the Board of Governors, who has the ultimate responsibility for risk management, in setting out the risk appetite of the Authority, and in fulfilling the Board's overall oversight of risk management responsibilities. In 2024, the Risk Committee was merged with the Audit Committee to form the Audit and Risk Committee (ARCO).

Members	
Mr Herbert Zammit LaFerla	Chairman
Ing. Ivan Zammit	Deputy Chairman
Prof. Christopher P. Buttigieg	Member
Ms Margherita Privitera	Member
Ms Rachel Tabone	Secretary

Audit and Risk Committee (ARCO)

In November 2024, the Audit Committee and Risk Committee were merged together to form the Audit and Risk Committee (ARCO). The ARCO is established by and reports to the Board of Governors and shall operate in accordance with Article 12A of the Malta Financial Services Authority Act (Cap. 330) and the ARCO Charter. The ARCO supports the Board of Governors in meeting its oversight responsibilities of the internal governance, internal controls, financial statements, risk management and internal audit functions of the Authority.

Members	
Prof. Philip von Brockdorff	Audit Chairman
Dr Stephanie Vella	Audit Deputy Chair
Dr Anton Bartolo	Risk Chairman
Mr Raymond Filletti	Risk Deputy Chair
Mr John Sammut	Secretary

Regulatory Committee

The Regulatory Committee (RegCo) has been established as a sub-committee of the ExCo. Following the introduction of the Delegation of Authorisations Framework, in October 2023, the Regulatory Committee acts as a decision-making body for the approval and issuing of licences and other authorisations to the extent specified in said Framework. The RegCo is an advisory body to the Chief Officer Supervision for the monitoring and supervision of natural persons and entities of financial services sectors within the regulatory and supervisory remit of the MFSA. The drafting of new regulatory rules and regulations, issues of policy from a supervisory perspective, and new legal frameworks, are also discussed at RegCo. RegCo is composed of the Chief Officer responsible for Supervision as its Chair, and the Heads of Supervisory functions. The Chief Officer responsible for Supervision updates the ExCo on an ongoing basis on the discussions and decisions made at the level of the Committee.

Members	
Prof. Christopher P. Buttigieg	Chairman
Ms Lorraine Vella	Deputy Chair
Dr Petra Camilleri	Member (Appointed April 2025)
Ms Alison Cortis	Member (Appointed April 2025)
Mr Alan Decelis	Member
Ms Catherine Galea	Member
Mr Ian Meli	Member (Appointed January 2025)
Mr Camille Pepos	Member (Appointed March 2024)
Dr Sarah Pulis	Member
Mr Ray Schembri	Member
Mr Matthew Scicluna	Member
Ms Doreen Balzan	Member (until December 2024)
Mr Herman Ciappara	Member (until March 2024)
Dr Michelle Whitehead	Secretary

The Regulatory Committee members. Missing: Alison Cortis, Alan Decelis, Ray Schembri

Resolution Committee

The Resolution Committee is appointed by the Resolution Authority, whose composition, powers and functions are governed by provisions set out in the First Schedule to the MFSA Act and the Recovery and Resolution Regulations (RRR). The Resolution Authority has assigned all its powers to the Resolution Committee which has all the necessary powers in order to carry out its functions. The Committee is ultimately responsible for taking resolution decisions pursuant to the MFSA Act and the RRR. It also interacts and collaborates closely with the Single Resolution Board (SRB) which is responsible for resolution matters at Banking Union level as established in the Single Resolution Mechanism Regulation. The Resolution Authority and the Resolution Committee operate independently from each other, as well as from the supervisory arm of the MFSA, to ensure that statutory responsibilities are fulfilled in a transparent and credible manner. They also ensure compliance with the Bank Recovery and Resolution Directive (BRRD), as amended by the second BRRD.

Members	
Ms Paulanne Mamo	Chairperson
Dr John Consiglio	Member
Dr Philip Magri	Member
Dr Daniela Aquilina	Secretary

Directorates

The Authority operates through five directorates, each of which addresses core functional areas:

Supervision

Enforcement

Strategy, Policy & innovation

Operations

Legal, and International Affairs

There are also three functions which operate independently of the directorates:
- Internal Audit
- Resolution
- Risk Management

Supervision Directorate

Banking Supervision

The function is responsible for the processing of authorisation and supervision of banks, in line and in accordance with the Single Supervisory Mechanism (SSM). Under this framework, the European Central Bank (ECB) has the ultimate responsibility for the licensing decisions of all credit institutions. The direct supervision of Significant Institutions (SIs) in Malta falls under the remit of the ECB and is carried out through Joint Supervisory Teams (JSTs) made up of officials from the ECB together with officials from the Banking Supervision function. Other credit institutions are supervised directly by Banking Supervision officials. In all cases, offsite monitoring of financial, operational and qualitative data is carried out on an ongoing basis and is also complemented by periodic onsite inspections, regulatory communications and competence interviews with key function holders and Board members, as required.

Capital Markets Supervision

The Capital Markets Supervision function ensures fairness, efficiency, and transparency in financial markets, while also protecting investors. This is achieved through a range of policy and supervisory measures at different stages including the primary market, secondary market and post-trading. The function processes applications for admissibility to listing on regulated markets in Malta and grants approvals of prospectuses in terms of the Prospectus Regulation and regulates companies having securities listed on the local regulated markets. It also oversees trading activity on the capital markets and authorises and supervises trading venues, central securities depositories, benchmark administrators, CCPs, FMIs operating on a DLT platform and crowdfunding platforms.

Company Service Providers Supervision

This function oversees company service providers—entities or individuals offering corporate services such as company formation, directorship, secretarial services, and registered office or business addresses. It is responsible for authorising and supervising these providers to ensure compliance with legal and regulatory frameworks.

A risk-based supervision approach is adopted to protect clients and safeguard Malta's financial system, given the gatekeeping role of these providers. Additionally, the function identifies areas for regulatory improvement and collaborates with stakeholders, including other regulatory bodies and industry representatives, to enhance the regulatory environment.

Conduct Supervision

The Conduct Supervision function establishes a regulatory framework to ensure that clients of financial services are treated fairly, honestly and professionally by regulated entities. A pre-emptive supervisory regime addresses potential or emerging risks for financial services consumers, while an operational regime strengthens the responsibilities of regulated persons to treat customers fairly.

Financial Crime Compliance

The Financial Crime Compliance function is dedicated to strengthening the MFSA's role in preventing the use, involvement, and/or facilitation of Authorised Persons in money laundering, financing of terrorism and other financial crimes. The function supports the Authority's authorisation and supervisory teams in their operations across all sector-specific functions. Through the establishment of a bilateral Memorandum of Understanding, the function also collaborates with the Financial Intelligence Analysis Unit and the Sanctions Monitoring Board, and other national and international stakeholders

Insurance and Pensions Supervision

Insurance and Pensions Supervision is responsible for the prudential oversight of authorised insurance and reinsurance undertakings, insurance intermediaries, retirement schemes, retirement funds and retirement service providers. This includes business carried out in an EU member state or the European Economic Area via freedom of services and freedom of establishment.

FinTech Supervision

The FinTech Supervision function is responsible for the supervision of the Virtual Financial Asset (VFA) sector and non-bank financial institutions in Malta. The function also provides cross-sectoral expertise on digital finance and FinTech-related policy and supervisory initiatives. The function is responsible for the oversight of one of the first frameworks specifically developed to provide legal certainty to VFAs falling outside the scope of traditional financial services legislation, the Regulatory Sandbox, as well as the coordination of the implementation of the Digital Finance Package within the MFSA.

Investment Services Supervision

The Investment Services Supervision function is responsible for authorising and supervising investment firms, fund managers, collective investment schemes, recognised private collective investment schemes, registered tied agents, and recognised fund administrators. Through its supervision, the function assesses compliance with prudential requirements emanating from European Directives and local legislation and regulations. It also examines the adequacy of systems and controls, governance arrangements, risk management and risk mitigation, within licensed entities falling within its remit. The function carries out supervisory interactions, collects regulatory data, and makes use of desk-based supervisory tools and data intelligence to achieve its objectives. To support its supervisory work, the function actively participates in European Supervisory Authorities' committees and working groups.

Supervisory ICT Risk and Cybersecurity

The Supervisory ICT Risk and Cybersecurity function is a cross-sectoral unit which, using a risk-based approach, supervises Authorised Persons in the area of ICT and Cybersecurity risk management. In view of the industry's increased dependency on ICT Third Party Providers, this kind of supervision also takes into consideration ICT third party risk. This function is involved within the entire supervisory life cycle and encompasses additional processes such as Incident Reporting. Its work also interfaces with macroprudential tools for cyber resilience.

Supervisory Quality Assurance

Supervisory Quality Assurance (SQA) is a control function, serving as a second line of defence within the MFSA, with the main objective of developing a quality-focused culture within the supervisory functions. The function also provides assurance to management regarding the quality of supervisory activities and deliverables, specifically in terms of consistency, effectiveness, efficiency and timeliness. SQA is involved from inception in new projects and whenever there are changes in supervisory procedures.

Trustees Supervision

The Trustees Supervision Function oversees the authorisation and supervision of trustees and fiduciary service providers, including private foundation administrators. It ensures compliance with regulatory frameworks to protect clients and mitigate risks, given the sector's gatekeeping role in the financial system.

A risk-based approach is applied, using regulatory data to determine the depth and frequency of supervision.

Enforcement Directorate

Due Diligence

The Due Diligence function ensures that persons holding or being proposed to take on a controlling function within entities licensed by the MFSA are of good repute as part of the wider fitness and properness assessment across the various functions, on an ongoing basis. Among its responsibilities, the function also oversees ongoing due diligence to ensure continued integrity, name screening of all functionaries and other tasks such as the vetting of prospective Highly Qualified Persons.

Enforcement

The Enforcement function investigates possible breaches of financial services laws and regulations in relation to persons or entities authorised and supervised by the MFSA. The function also investigates those engaging in financial services activities without the necessary licence or authorisation, as well as fraudulent activities and scams related to financial services. The Enforcement function issues warnings, notices and public guidelines to protect investors and promote consumer awareness , as well as enforcement notices on the MFSA website.

Strategy, Policy and Innovation Directorate

Financial Stability

The Financial Stability function helps protect the financial sector by identifying and addressing risks that could harm the sector and the economy. Through research and analysis, the function plays an important role in engaging with international stakeholders – such as the ECB, ESRB, IMF and credit rating agencies in relation to their respective remit. In collaboration with other macroprudential authorities, the function also contributes to policy recommendations and implementation, while actively participating in projects by reputable international organisations.

Strategy, Policy and Innovation

The Strategy, Policy and Innovation function provides advice, analysis and reviews on strategies and policies, as well as identifying new areas of development to strengthen Malta's financial services regulatory framework. The function ensures that the Authority is proactive in the face of new opportunities, perceived risks and changing international standards, while fostering innovation and enhancing access to financial products, further positioning Malta as a jurisdiction of choice.

Operations Directorate

Administration and Facilities Management

The Administration and Facilities Management function is responsible for overseeing the Authority's building management services. These include managing the cleaning and security services, the centralised travel desk, hospitality and transport services, and running the reception. The function's goal is to support MFSA staff by providing a safe and functional work environment. This is achieved through regular preventive maintenance and renovation/refurbishment projects. In addition, the function is also responsible for procuring goods and services in line with Public Procurement Regulations.

Communications

Communications handles all internal and external communications, aiming to maintain positive relationships with stakeholders and keeping its own employees, licence-holders and the public up to date. It organises B2B and consumer education campaigns, and events, and is also the designated brand guardian of the MFSA, managing its various digital and offline platforms.

Data Management and Business Intelligence

The Data Management and Business Intelligence (BI) function is tasked with overseeing data governance, data quality management, and the overarching data architecture within the Authority. It also administers a centralised records management office and manages the central data warehouse and BI analytics platform, offering valuable insights and dashboards for users. Additionally, it holds responsibility for the Supervisory Cycle Management System, a system which is aimed at digitalising and orchestrating core supervisory processes.

Finance

The Finance function manages the finances of the Authority and provides support to other functions for financial matters such as revenue collection, payments, payroll, financial control, budgetary control and management information preparation. The function also administers the MFSA's financial control framework ensuring compliance with established policies and controls. Furthermore, the team is also responsible for the submission of statutorily required financial information to Parliament.

People and Culture

The People and Culture function provides human resources essential for the fulfilment of the MFSA's mandate, covering recruitment, retention, and learning and development. Adopting an HR Business Partner approach to talent management, the function places employees at the heart of the Authority's mission, reflecting the drive being undertaken to bring about change and organisational growth. The team implements other staff-related provisions, including the MFSA Ethics Framework, Occupational Health and Safety, and training programmes under the Financial Supervisors Academy.

Programme Management and Quality Assurance

The Programme Management and Quality Assurance function ensures strategic alignment across the Authority, enabling it to achieve operational efficiency and effectiveness through digitisation and digitalisation. The function provides a holistic programme oversight to the MFSA's ExCo, aligns project priorities with the strategic objectives and articulates a project's interdependencies to plan demand capacity. Programme Management is also responsible for the quality assurance of project deliverables and operational process improvements.

Technology

The Technology function is responsible for information systems, technology operations, governance and planning. The team leverages cutting edge technology, industry standards and methodologies to provide reliable services to the rest of the organisation and to the financial services sector. Technology facilities are attained through research, design, planning, network and security architecture, systems infrastructure, software development, business applications and platforms, service and support, IT risk management and information security.

Legal and International Affairs Directorate

EU and International Affairs

The EU and International Affairs function ensures that the MFSA has an active role in international forums. The function coordinates relations with international organisations and memoranda of understanding with foreign regulators, as well as handling exchange of information requests. The function advises Government on the formulation of financial services policy, mainly relating to proposals issued by the European Commission, particularly when it comes to taking a national position in this sector.

Legal Affairs

The Legal Affairs function provides legal advice across the organisation, also drafting and/or vetting legal documents involving the Authority. The function attends to any MFSA-related litigation matters, including the preparation and filing of judicial acts, any legal or judicial submissions, as well as any other work necessary in preparation for court or tribunal sittings. The function also coordinates and oversees the legislative process falling under the administration of the MFSA, including amendments or new laws required to transpose EU Directives or implement EU Regulations.

Other MFSA Functions

Internal Audit

The Internal Audit function is accountable to the Audit and Risk Committee and reports to the Board of Governors. The function is responsible for evaluating and improving the effectiveness of the internal risk management, control, and governance processes, to help the Authority achieve its objectives in a systematic and disciplined manner.

Resolution

Resolution operates independently from the Supervisory Directorate and other functions and is primarily responsible for resolution-planning activities for credit institutions and certain investment services firms. It is also responsible for the policies and legislation forming the Resolution Framework. The same responsibilities will eventually extend to central counterparties and insurance undertakings. The Board of Governors is the designated resolution authority in Malta, however, the MFSA's Resolution Committee is the decision-making body, advised by the function as to whether an institution should go into liquidation or resolution, and on the application of resolution tools, as necessary.

Risk Management

Risk Management is responsible for risk oversight and therefore oversees the organisation's development of work processes for the identification, assessment, management and reporting of risk within the Authority. Risk Management is an important element for implementing effective controls and corporate governance structures within the entire Authority. It is the process by which the MFSA systematically identifies, evaluates and manages the potential risks and opportunities inherent to its activities and objectives. Risk Management reports to the Audit and Risk Committee, an independent committee of the MFSA Board of Governors.

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Our People & Organisation

Our investment in our people is unwavering. Over the past year, the MFSA has continued to evolve, refining its operational approach to improve efficiency and effectiveness. Dedicated to continuous improvement, the Authority remained steadfast in its pursuit of transformation, embracing a learning environment to better fulfil its commitments. This section outlines key initiatives and strategic changes implemented to elevate the employee experience.

About Our Team

519
Full-Time-Equivalent Employees
(15.8% increase from 2023: 448 employees)

87
New Recruits

51%
Female

49%
Male

81 International Employees
From **28** countries

Average age of
36 years

50 Students enrolled in our Pre-Graduates Programme

10 transitioned to full-time employment

18
cross-departmental moves

Data refers to status as at December 2024.

I feel proud that we have a number of highly skilled and talented women leading teams and directorates. This demonstrates that the MFSA values diversity and inclusivity, recognising the important contributions that women can make in leadership positions.

Daphne Micallef
Senior Manager
Insurance & Pensions Supervision

Our Academic Specialisations

- Banking & Finance
- International Relations
- Financial Services Management
- Accountancy
- Business Enterprise
- Business & Computing
- Economics
- Criminology
- ICT
- Insurance
- Law

A Strong Learning Culture

In 2024, we continued to elevate our learning and development programmes to equip employees with the skills they need to excel - offering a diverse range of training programmes, from leadership advancement to technical upskilling.

24,600 HOURS OF TRAINING = **47hrs** PER FULL-TIME EMPLOYEE

OVER **4,400** HOURS IN PEOPLE FUNDAMENTALS TRAINING

10 EMPLOYEES GRADUATED AFTER BENEFITTING FROM MFSA ACADEMIC SPONSORSHIPS

33 EMPLOYEES FURTHERING THEIR STUDIES AS PART OF THE MFSA SELF-DEVELOPMENT SCHEME AS AT DECEMBER 2024

The MFSA is currently sponsoring my PhD – a real testament to the commitment towards lifelong learning. Moreover, I am really grateful to the MFSA for investing in the Gozo office, as it transformed the work-life balance for us Gozo-based employees.

Francesco Meglioli
Senior Technical Expert
Financial Stability

Skills for the Future

As the financial sector evolves, so do the skills required to stay ahead. At the MFSA, we are passionate about expanding digital literacy across all levels of the organisation, ensuring that employees are equipped to navigate emerging technologies such as AI, blockchain, and data analytics. In parallel, our leadership training programmes focus on advancing strategic thinking, decision-making, and people management skills, preparing the next generation of leaders to drive innovation and growth. By continuously investing in these areas, we uplift our employees to adapt, lead, and thrive in an ever-changing industry.

The Financial Supervisors Academy

The MFSA's Financial Supervisors Academy (FSA) provides training to ensure financial supervisors have the technical knowledge to fulfill the MFSA's mandate. Through the FSA, the Authority invested a total of 24,600 training hours in staff development, averaging 47 hours per full-time employee.

The FSA's curriculum is carefully designed to align with the MFSA's business and supervisory priorities while also integrating international developments that may require workforce upskilling or retraining. In 2024, the Academy successfully delivered 50 training sessions covering more than 40 critical regulatory topics, with over 90% of these being delivered in person.

In 2024, the MFSA transitioned its training approach from online to in-person sessions, and placed greater emphasis on practical, transferable skills. This strategic shift prioritised the depth and effectiveness of learning over the sheer number of sessions, focusing on a more interactive and engaging training environment. The initiative received consistently high participant satisfaction ratings, averaging 4.5 out of 5, while lecturer performance was rated at 4.6 out of 5, reflecting the programme's overall effectiveness and impact.

As part of its curriculum, the FSA implements the People Fundamentals programme, which covers various leadership topics, such as conflict prevention, emotional intelligence, team dynamics, mastering negotiations, time management, and more. These topics were identified through the MFSA's annual training needs analysis and are further shaped by direct input from the senior leadership team to ensure alignment with the Authority's strategic objectives. In 2024, employees participated in 4,407 hours of internally organised training on these topics, along with an additional 314 hours of externally organised professional development.

In addition to the People Fundamentals programme, the FSA also delivered the Transformational Leadership programme, specifically designed to improve leadership capabilities among the Senior Leadership Team, further strengthening the MFSA's committment towards professional excellence and growth.

50 TRAINING SESSIONS

40 REGULATORY TOPICS

SATISFACTION RATINGS

LECTURER PERFORMANCE

POSTGRADUATE DIPLOMA IN FINANCIAL REGULATION AND COMPLIANCE

55 GUEST LECTURERS

34 STUDENTS ENROLLED

Launch of Postgraduate Diploma in Financial Regulation and Compliance

The MFSA, in partnership with the University of Malta, introduced a Postgraduate Diploma in Financial Regulation and Compliance in October 2024. This pioneering programme aims to elevate expertise within Malta's financial services sector, establishing a new standard of competency, fully endorsed by the MFSA. With a diverse cohort of both local and international students, the programme boasts contributions from 55 distinguished guest lecturers across eight specialised units. This initiative highlights the MFSA's unwavering commitment to cultivating specialised skills, developing a robust talent pipeline, bridging the gap between theoretical knowledge and practical application in the realms of financial regulation and compliance.

Our International Network

The MFSA has actively pursued opportunities to engage, collaborate and share expertise with both local and international regulatory bodies. In 2024, the Authority participated in global forums, held meetings with international regulators and associations, and engaged with joint European Supervisory Authorities as well as other European institutions. Additionally, international exposure was further strengthened at the employee level through secondments as national experts and participation in international missions, fostering knowledge exchange and professional development

Demonstrating leadership in regulatory cooperation, the MFSA has intensified efforts to strengthen alliances with national and international regulators and law enforcement agencies. The Authority has spearheaded initiatives concerning information-sharing frameworks, joint training programmes, in-depth case studies and lessons-learned exercises. These initiatives highlight the MFSA's pivotal role in enhancing cross-border collaboration, reinforcing compliance standards and shaping the future of financial regulation.

Participated **780+** times in **150+** international forums

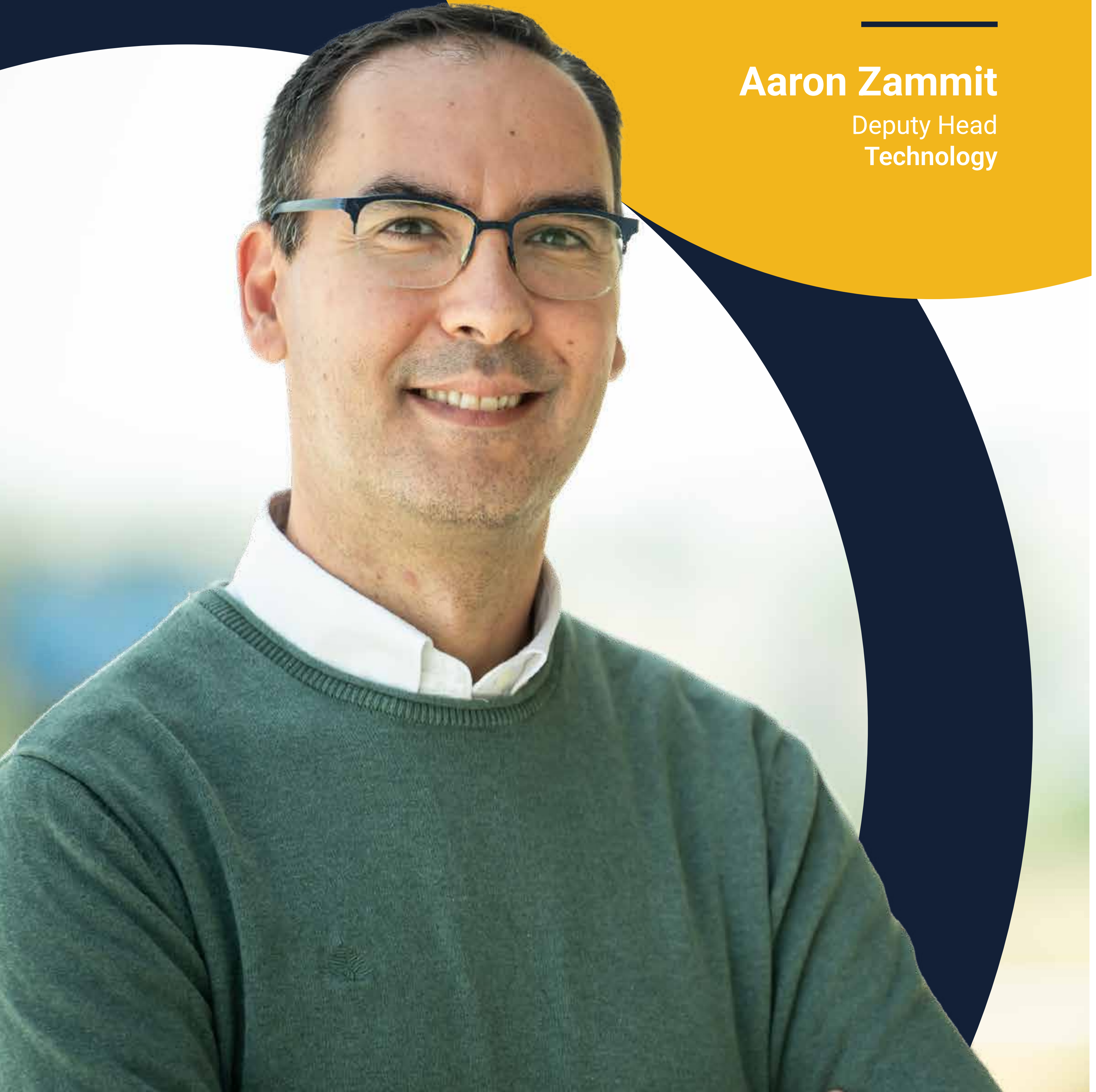
10+ International regulators and associations met through ongoing engagement

75+ Meetings with joint European Supervisory Authorities and other European Institutions

4 Employees Seconded as a National Expert

The MFSA provided me with many opportunities to enhance my career, such as participation in several European Forums and training courses. I see this culture of learning reflected in all my colleagues who invest time in building their knowledge and skills.

Aaron Zammit
Deputy Head
Technology



Employee Wellbeing: Caring for Our People

We understand that employee well-being is key to a productive and engaged workforce. We are committed to fostering a workplace that prioritises both physical and mental wellbeing, promotes a healthy work-life balance and provides access to essential resources and support systems. By supporting our people with the necessary tools and information, we enable them to proactively identify potential health risks and effectively manage their overall wellbeing.

Flexible Work Options

We believe that flexibility is key to maintaining a healthy work-life balance. Our hybrid work model allows employees to split their time between the office and remote work, ensuring they can stay productive while accommodating personal and professional responsibilities. By tailoring this approach to individual and team needs, we foster a culture of trust, collaboration, and efficiency.

Endorsing Mental and Physical Health

At the MFSA, we recognise that mental well-being is just as important as physical health. Our confidential counselling services provide employees with a safe space to seek professional help for personal or work-related challenges. By fostering an open and supportive environment, we aim to break the stigma around mental health and ensure that every employee feels valued and empowered.

Additionally, all employees benefit from:

- Free health insurance for comprehensive healthcare accessibility
- Life insurance for added financial security

Workplace wellness and recognition

Our workplace is designed to enhance the employee journey by fostering a positive and inclusive environment, with an on-site canteen, bicycle parking and shower facilities for those who choose to walk or cycle to work. We recognise and value our employees' contributions and we also celebrate achievements through our Employee Awards, reinforcing a culture of appreciation and excellence.

Our Commitment to the Community and Social Responsibility

Our team is actively engaged in charitable and community initiatives, which are a part of the events calendar managed by the MFSA's Social Committee. In 2024, staff members volunteered for various causes. Funds raised during some of the 19 social events held last year, as well as the sale of used furniture enabled donations to Dar Merħba Bik, Dar Frate Jacoba, L-Istrina, Kċina ta' Marta and St. Patrick's School. Additionally, we have collaborated with the Missionaries of Charity (Sisters of Madre Teresa) by covering expenses for a Christmas party for children in need. Our focus to giving extends year-round, with donation boxes in our canteen allowing employees to contribute food supplies to food banks and pet shelters. A number of volunteers also dedicated their time to refurbishing the premises of the Daughters of Mary Help of Christians, further strengthening our impact on the community.

Employee benefits

- Equal opportunities employer
- Employee Support Programme

- Regular leadership development events
- Corporate Responsibility and Social events
- Team building events

- Hybrid work arrangements

- Robust performance management processes aimed at developing people and linked to a performance bonus
- Recognition and rewards for tenure milestones

- Flexible working arrangements
- Casual Fridays

- Health & life insurance
- On-site AEDs, certified first aiders, and Visual Display Unit risk assessments

- Extra days of vacation leave

- Fully equipped canteen
- On-site shower facilities

- Competitive Salaries
- Employee Referral scheme

- Internal Mobility Opportunities
- Paid Professional Memberships
- Academic Sponsorships

- Discounts for employees

I consider myself lucky to be able to share my career journey with colleagues who make me feel valued. Being part of a team with driven, positive individuals inspires me to be more engaged and fulfilled.

Daniela Aquilina
Assistant Manager
Resolution

Improving the Employee Experience

Conclusion of the MFSA's HR Strategy 2022-2024

The completion of the MFSA's HR Strategy 2022–2024 marks the successful evolution of its Human Resources (HR) function into a strategic People & Culture (P&C) partner, fully aligned with the Authority's organisational objectives.

Historically focused on administrative tasks, the department recognised the need for a transformative shift. Over the past three years, the MFSA has redefined the HR function, elevating it as a proactive driver of organisational success. Embedding the function within the Authority's core operations has provided deeper insights into prevailing challenges, anticipating future needs and ensuring that initiatives taken are seamlessly aligned with strategic priorities.

By means of continuous and proactive collaboration with the senior leadership team and employees, the MFSA has implemented comprehensive strategies in talent acquisition, performance management and professional development, all designed to deliver measurable impact. Beyond its operational support function, the People & Culture function has widened its scope to act as a catalyst for change, driving innovation and nurturing a culture of continuous growth.

Today, the People & Culture function is recognised as a strategic enabler, directly contributing towards strengthening the MFSA's capability to fulfil its mandate. As an Equal Opportunities employer, certified by the National Commission for the Promotion of Equality (NCPE), the MFSA remains determined to promote an inclusive and diverse workplace while delivering value across the organisation.

Recognition for HR Excellence

In 2024, the MFSA achieved a significant milestone by securing the Foundation for Human Resources Development (FHRD)'s prestigious HR Quality Mark and being honoured as the Overall Highest Achiever. This recognition stands as a testament to the Authority's unwavering dedication to excellence in human capital management, strategic workforce alignment, and the cultivation of an innovative and dynamic workplace climate. These accolades reaffirm the MFSA's dedication to supporting its employees, nurturing talent and elevating both individual and organisational success, solidifying its position as a leader in progressive HR practices.

HR Digital Transformation

Building on its previous achievements, the MFSA reached another pivotal milestone in 2024 with the successful completion of its HR digitalisation initiative. As a result of this achievement, physical processes were replaced with an advanced digital framework that contributed towards the streamlining of workflow efficiency, enhanced data accessibility and eliminated cumbersome manual tasks.

The introduction of real-time data access motivates faster, more informed decision-making, while automation allows HR teams to focus on the more strategic priorities like talent growth and employee engagement. This leap forward exemplifies the MFSA's dedication to harnessing digital transformation as a catalyst for operational excellence.

The MFSA also transitioned to a new HR Information System (HRIS) and incorporated employee-centric enhancements aimed at boosting efficiency and enhancing data integrity. This development provides centralised, real-time access to HR data, reduces approval timeframes, and features an intuitive interface for processes such as leave management and parking allocation. Consequently, administrative burdens have been alleviated, enabling greater focus on employee development.

Move to new offices at Watercourse

In 2024, the MFSA successfully completed the seamless relocation of 250 employees to Watercourse, a newly leased workspace strategically situated near the Authority's headquarters in the Central Business District, Birkirkara. Delivered on time and within budget, this relocation optimises the MFSA's operations and enhances the employee experience.

The new premises provide a contemporary, dynamic work environment, purposefully designed to support productivity, collaboration, and well-being. Employees benefit from ergonomic workstations, cutting-edge IT infrastructure and a diverse range of collaborative spaces tailored to encourage innovation and teamwork. Additionally, the facility features dedicated rest areas, a fully equipped kitchen and modern breakout zones, ensuring a productive and engaging workplace experience.
This strategic move underscores the MFSA's ongoing investment in its people, reinforcing its resolve to providing a modern, well-equipped workspace that energises employees to perform at their best.

Enabling Our People Through Digital Transformation

Streamlining and optimising processes for a more agile, data-driven approach

The Supervisory Cycle Management System (SCMS) represents a transformative leap in the digitalisation of regulatory oversight, redefining how the MFSA manages supervision, compliance and industry data collection. Works on the system have commenced in 2024. Developed in close collaboration with technology specialists and regulatory experts at the MFSA, this platform is designed to streamline operations, enhance efficiency and strengthen data-driven decision-making within the Authority.

The SCMS will optimise regulatory supervision by automating critical processes such as licensing, due diligence, and compliance monitoring, significantly reducing administrative work and accelerating workflows. With a centralised data hub and advanced analytics tools, the SCMS will enable our supervisors to gain deeper insights, supporting more informed and proactive decision-making. This platform will also enhance engagement with licensed entities and the public, ensuring greater transparency, responsiveness, and overall regulatory efficiency.

Simplifying Compliance & Enhancing Oversight

The Harmonised Regulatory Reporting Framework (HRRF) is focused on facilitating regulatory reporting processes for financial entities. By eliminating redundancies, standardising reporting requirements, and minimising manual efforts, it allows our teams to focus on higher-value analysis and regulatory oversight.

The HRRF streamlines regulatory reporting by reducing duplication as much as possible and promoting consistency across sectors such as banking, insurance, and investment services.

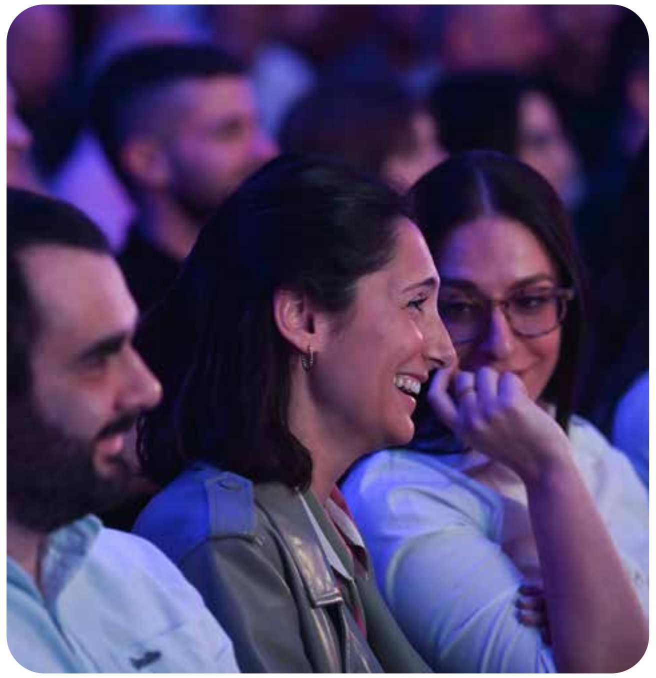
By centralising reporting submissions , HRRF reduces manual effort and administrative tasks. Automated validation checks support data accuracy, while built-in analytics provide regulators with timely insights for risk assessment and decision-making.

Enhancing Security, Efficiency & Innovation

The MFSA has undertaken infrastructure enhancements, significantly bolstering operational agility, efficiency, and security. The upgraded data centre has strengthened system reliability and data integrity, reducing downtime risks and optimising data transfer capabilities. Additionally, the establishment of a new network and security centre at the Watercourse premises ensures uninterrupted and secure operations for the employees based within these offices.

Fortifying Cybersecurity & Data Protection

To safeguard sensitive regulatory data, the MFSA has deployed cybersecurity measures, including email protection, secure file transfer solutions and stringent access controls for high-risk systems. The implementation of an advanced network access control system ensures that only authorised devices can connect to the network, significantly strengthening the overall security posture. Complementing these advancements, comprehensive risk assessments and targeted cybersecurity training have been introduced to reinforce the Authority's resilience against evolving cyber threats.



Our Strategy

In a rapidly evolving financial landscape, the MFSA has remained steadfast in its commitment to agility, resilience, and innovation. Over the past year, significant progress has been made across each strategic pillar outlined in our Strategic Statement 2023-2025, reinforcing Malta's position as a dynamic and well-regulated financial services hub.

In early 2025, the MFSA published a Strategic Update with a detailed overview of the status of each objective as at June 2024, which is available on the Authority's website.

The following chapter provides a summary of the work performed under each strategic pillar, until the end of 2024.

Corporate Objectives

A People-Centred Organisation

Digital Transformation

Targeted Investments in Our Systems and Infrastructure

Strategic Objectives

Delivering Agile and Proactive Regulation

Sustaining a Resilient, Internationally Networked Financial Sector

Promoting Good Governance and Compliance

Embracing Innovation

Engaging with the Public

Pillar 1: Delivering agile and proactive regulation

The MFSA fosters a responsive regulatory environment through technology, staff development, and operational improvements across supervision, enforcement, and regulation. A key priority is capacity building to swiftly detect and address concerns.

To strengthen its independence, the MFSA is revising its funding structure and improving efficiency, including updates to authorisation and supervisory fees effective from January 2025. The Authority is also working to reduce bureaucracy, enhance transparency, and improve regulatory processes.

Streamlining Supervision and Authorisation

The MFSA is harmonising and streamlining authorisation and supervision processes to enhance efficiency while maintaining robust standards. The Authorisation Charter is being strictly followed, and process improvements aim to make the process more transparent.

The **Delegation of Authorisation Framework** helps reduce pressure by allowing supervisory functions to handle specific licence types based on risk assessments. The adoption of a lead function model for multiple licences minimises duplication and enhances overall supervisory efficiency.

The MFSA is rolling out the **Supervisory Cycle Management System** (SCMS) to digitialise regulatory processes. The first phase will focus on authorisations.

Data Governance and Digitalisation

Through the digitalisation programme, the Authority is re-engineering its supervisory process. While this is a multi-year journey, the key achievements in 2024 were:

- Centralisation of critical data for improved reliability and analytics
- Launch of a Data Governance Framework
- Streamlining of data collection through a data architecture blueprint

Outcomes-Based Supervision and Risk-Based Authorisations

The MFSA is shifting to an Outcomes-Based Supervision model, focusing on **measurable compliance outcomes**. A risk-based approach for new applications and shareholding changes is being introduced to clarify regulatory requirements, improve transparency, prioritise applications, and reduce processing timelines.

Enhancing Regulatory Reporting and Financial Oversight

To **mitigate reporting burdens**, the MFSA is working with the FIAU and the Central Bank of Malta (CBM) on the Harmonised Regulatory Reporting Framework (HRRF). This initiative will streamline regulatory reporting by introducing a single point of submission for financial institutions.

Optimising Inspections

The MFSA is modernising its supervisory inspection process by integrating digital tools and optimising inspections for consistency and transparency.

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Strengthening Enforcement and Accountability

In 2024, the MFSA set clear criteria for identifying and addressing regulatory issues earlier, and recognising when these should be escalated to Enforcement. This ensures faster fixes, a smoother process and maintains fairness.

A revised Publication policy was published in 2024, providing a clear framework on how the MFSA shares information about its decisions and enforcement actions. The MFSA also published an enforcement lessons learnt report, covering 2022 and 2023, providing insights into regulatory actions, reinforcing transparency and accountability.

To improve enforcement efficiency, the MFSA introduced its Settlement Policy in 2022, with clear timelines and penalties. A revised policy will be published soon, based on past experiences. The MFSA is also working on **publishing detailed procedures for investigations and enforcement actions** to ensure accountability and public trust.

Effective Implementation and Coordination of laws

The MFSA ensures the **timely transposition of EU laws** into Maltese regulations, considering proportionality, enforceability, and market opportunities. It strengthens stakeholder engagement through initiatives like the **Stakeholders Panel and EU Commission workshops** to facilitate smooth transitions and clarify legal interpretations.

EU Directives transposed and implemented in 2024

Regulation (EU) 2022/2036 –(Daisy Chain)
Directive (EU) 2021/2167 on credit servicers and credit purchasers (NPLs)
Directive (EU) 2021/2118 on Motor Vehicle Insurance
Directive (EU) 2024/1174 on Minimum Requirement for own funds and Eligible Liabilities (Daisy Chain)
Regulation (EU) 2023/1114 on Markets in Crypto-Assets (MiCA)
Directive (EU) 2022/2381 on Improving the Gender Balance Among Directors of Listed Companies and Related Measures
Regulation (EU) 2022/2554 on Digital Operational Resilience (DORA)

EU Directives transposed and implemented in 2025

Regulation (EU) 2023/2631on Green Bond Standard
Directive (EU) 2022/2556 (DORA)
Regulation (EU) 2024/886 on Instant Payments

Ongoing transposition and implementation of EU laws in 2025

The MFSA is working on the implementation of several EU regulations:

Directive (EU) 2022/2464 on Corporate Sustainability Reporting (CSRD)
Directive (EU) 2024/790 (MIFID)
Directive (EU) 2023/2673 on Distance Marketing of Consumer Financial Services
Directive (EU) 2023/2865 and Regulation (EU) 2023/2869 on European Single Access Point (ESAP)
Directive (EU) 2023/2225 on Consumer Credit
Directive (EU) 2024/1619 and Regulation (EU) 2024/1623 (CRD VI & CRRIII)
Directive (EU) 2024/1640 (AMLD 6)
Regulation (EU) 2023/2845 on Central Securities Depositories Regulation (CSDR)
Directive (EU) 2024/927 on Alternative Investment Fund Managers (AIFMD)
Directive (EU) 2024/2811 on Listing Act
Directive (EU) 2024/2994 on European Market Infrastructure
Directive (EU) 2024/1760 on corporate sustainability due diligence (CSDDD)
Directive (EU) 2025/1 on establishing a framework for the recovery and resolution of insurance and reinsurance undertakings (IRRD)
Directive (EU) 2025/2 on Solvency II

Modernising Legal and Regulatory Frameworks

Capital Markets Strategy and Sponsors Regulation

The MFSA is consulting on the Sponsors Framework to **improve listing quality and reduce approval times**. It is also working on a credit risk framework for Malta Stock Exchange listings.

Conduct of Business Rulebooks

The MFSA is updating its Conduct of Business Rulebooks, including one for banks and another for credit institutions. This will enhance clarity and regulatory responsibilities, especially regarding **consumer loan and mortgage supervision**.

Company Service Providers and Fiduciary Regulation

The MFSA is revising its regulatory framework for Company Service Providers (CSPs) post-2020 reforms. A new CSP Rulebook was issued in January 2024 to adjust regulations based on CSP size and business model. In May 2025 the existing CSP regulatory framework has been revised to implement a more proportionate regulatory approach tailored specifically to individuals offering directorship and company secretary services.

Additionally, updates to the Professional Trustees and Fiduciaries Rulebook are underway to align with international standards.

Addressing ICT Risks and Digital Finance Challenges

Technology Upgrades and Operational Efficiency

The MFSA has implemented key technology upgrades to improve operational efficiency. These upgrades **enhance scalability, reliability, and real-time decision-making**.

Cybersecurity and Regulatory Reporting

The MFSA has **strengthened its IT security with AI integration** for threat detection. It is also enhancing regulatory reporting systems to comply with new obligations, such as Environmental, Social, and Governance (ESG) reporting and risk assessments.

Digital Operational Resilience Act (DORA) Implementation

The MFSA implemented operational initiatives to facilitate the effective implementation of DORA., including incident reporting and penetration testing in line with EU standards. This **supports Malta's 2023-2026 National Cybersecurity Strategy**.

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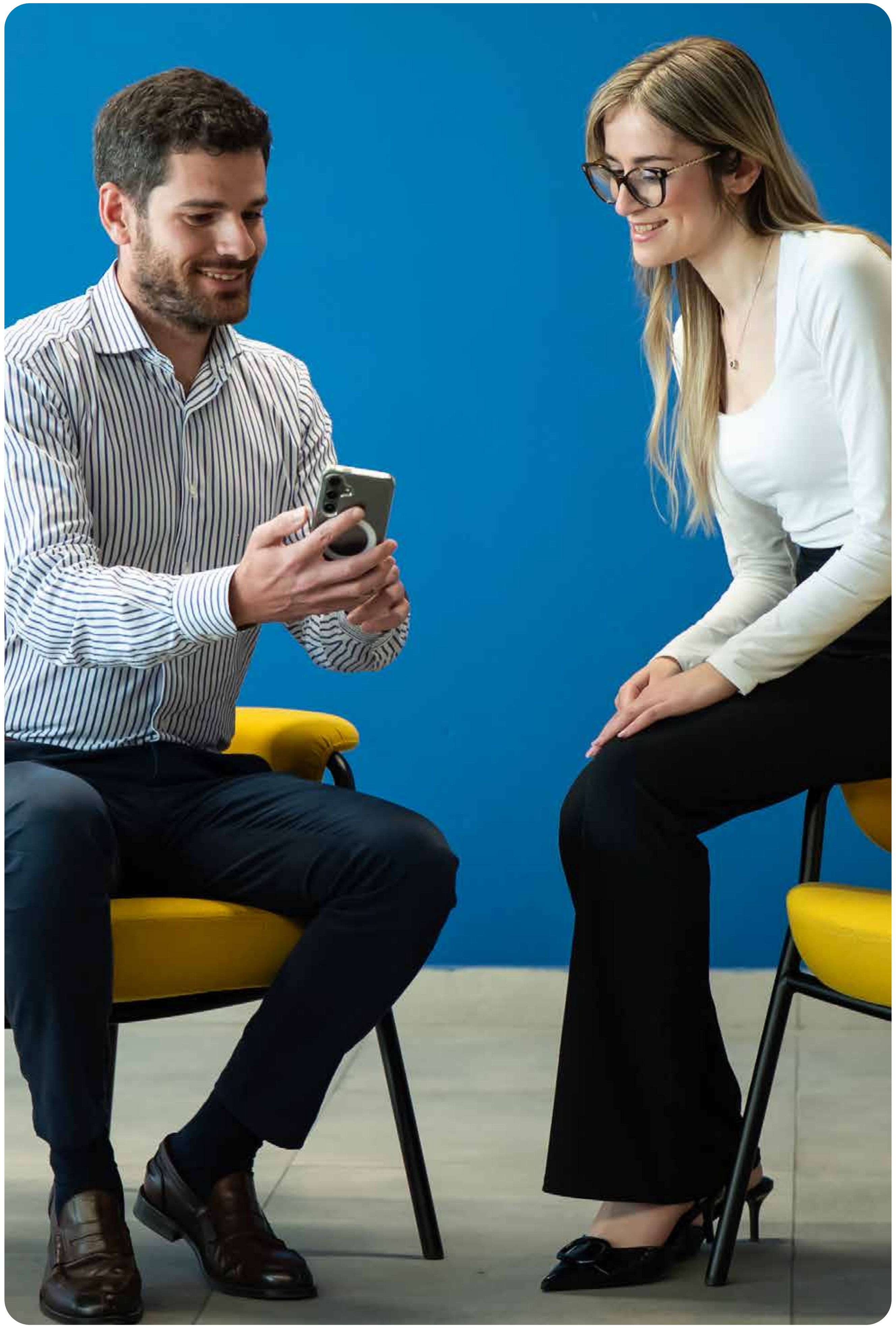


Pillar 2: Sustaining a resilient, internationally networked financial sector

The MFSA remains committed to strengthening Malta's reputation as a trusted financial jurisdiction through proactive engagement at national, EU, and global levels. It prioritises regulatory framework enhancements, financial stability, and market confidence while actively participating in key European supervisory bodies such as the European Banking Authority, European Insurance and Occupational Pensions Authority, European Securities and Markets Authority, and the European Systemic Risk Board. As Malta's National Resolution Authority, the MFSA ensures that if a bank fails, its customers as well as the economy are protected, aligning with EU mechanisms. Collaboration with the FIAU and other regulatory bodies supports efforts to combat financial crime and uphold EU-wide AML/CFT standards.

Enhancing Institutional Collaboration, Financial Stability, and Risk Management

The MFSA collaborates with local and international regulators to strengthen financial stability, risk management, and AML/CFT efforts. These partnerships are reinforced through Memoranda of Understanding (MoUs), participation in EU and global networks, and supervisory information exchanges.

Strengthening AML/CFT Efforts

The MFSA plays a central role in Malta's AML/CFT framework, working with national and international stakeholders to enhance regulation, supervision, and enforcement.

Key AML/CFT initiatives include:

National Engagement

- Active participation in the National Coordinating Committee (NCC), contributing to Malta's National AML Strategy and Risk Assessments.
- Conducting AML Compliance Reviews of licensed entities and referring suspicious activities to the FIAU — 7 reports were escalated in 2024.

EU-Level Integration

- Overseeing the implementation of the EU AML Package, including the Trusts Ultimate Beneficial Ownership Register (TUBOR) upgrade.
- Participation in EU AML networks such as the EBA AML Standing Committee and the ECB AML Network
- Supporting regulatory alignment through the European Single Access Point (ESAP) Directive.
- Contributing to the European Commission's Kleptotrace Project, enhancing cross-border cooperation on corruption and sanctions evasion.

International Cooperation

- Strengthening AML intelligence-sharing through the GlobE Network, with bilateral engagement involving India, UAE, Algeria, and Mauritius.
- Collaborating with global entities and standards bodies to uphold FATF-aligned practices.

Financial Stability and Risk Management

The MFSA plays a critical role in shaping financial stability policies covering several areas, through engagement with various international institutions and bodies.

- **European & Global Financial Authorities:** ESRB (systemic risk, cyber threats), ECB Financial Stability Committee (stress testing), ESMA & EIOPA (sector-specific risks).
- **IMF and Credit Rating Agencies:** Ensuring accurate assessments of Malta's financial health.
- **Climate Risk & Sustainability:** Active participation in the Network for Greening the Financial System (NGFS) and ESRB Task Force on Climate Change, integrating climate risks into financial frameworks.
- **EU Policy Advocacy:** Engagement with EUROFI, the European Commission, and the European Parliament through Malta's Permanent Representation in Brussels.

Prudential & Conduct Risk Management

- **Risk Models & Supervision:** Annual Prudential Risk Models and new conduct-specific models for credit institutions, investment firms, and insurers enhance supervisory effectiveness.
- **Data-Driven Stability Assessments:** Developing enhanced data collection frameworks for commercial real estate and non-bank financial intermediation in collaboration with the Central Bank of Malta.
- **Credit Risk & Legislative Oversight:** Developing a credit risk framework for listing applications on the Malta Stock Exchange and overseeing the Credit Purchasers and Servicers Act to regulate credit servicers.

Enhancing Crisis Preparedness and Banking Resolution

The MFSA collaborates with the Single Resolution Board (SRB) and European Banking Authority (EBA) to refine crisis management frameworks. In 2024, it focused on:

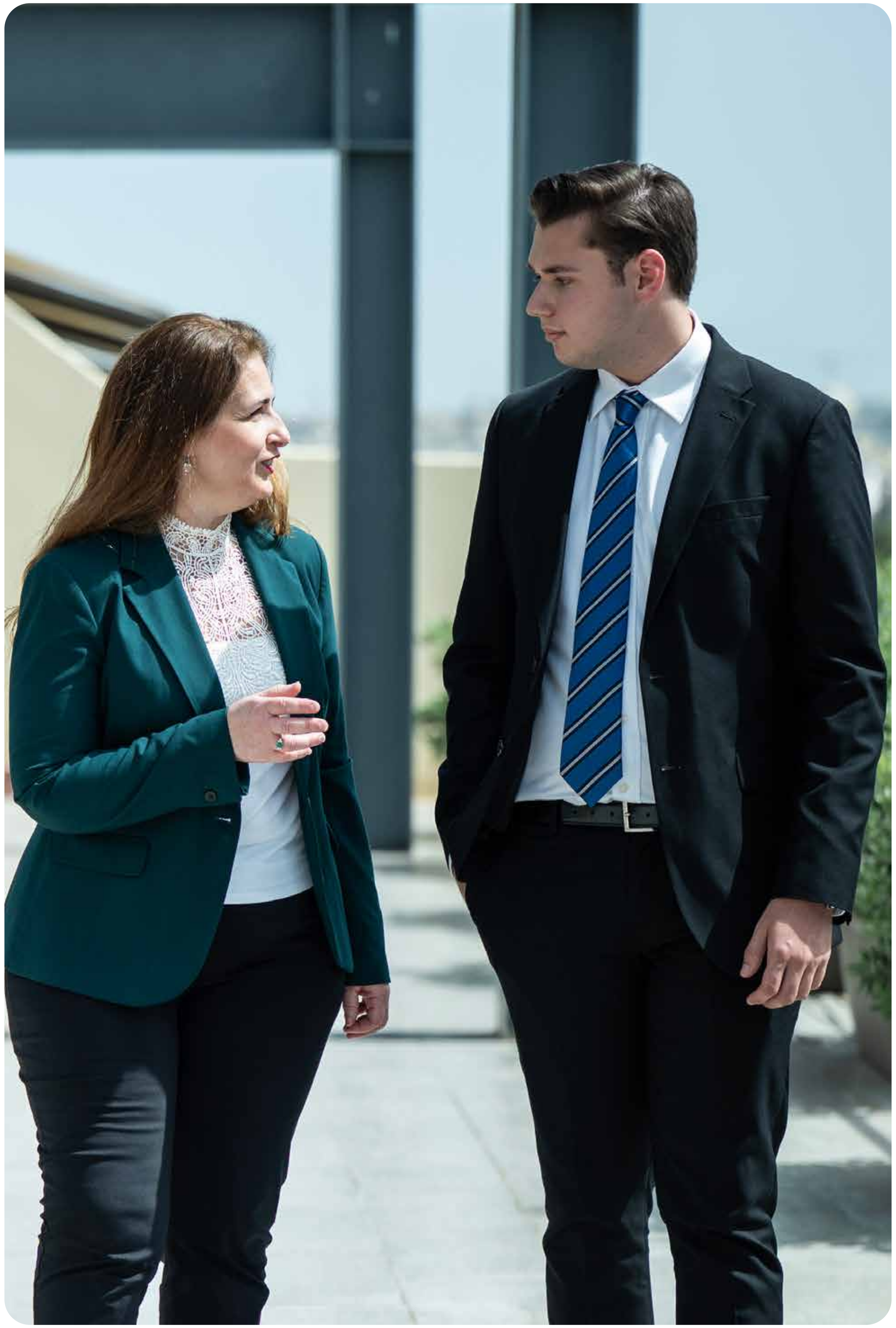
- Strengthening internal crisis preparedness and conducting **resolvability assessments**.
- Running operational readiness tests and **internal crisis simulation exercises**.
- Updating **resolution frameworks to align with EU best practices** and financial market developments.
- Developing an **Administrative Bank Liquidation Regime** to ensure an efficient process for failed banks outside the resolution framework.

Currently, the resolution framework applies to credit institutions, investment firms, and central counterparties, with plans to extend to insurance undertakings. The MFSA is actively contributing to EU discussions on a **Recovery and Resolution Directive for the insurance sector**.

Promoting Malta's Financial Sector Internationally

The MFSA has intensified its outreach through bilateral meetings with foreign embassies in Malta and Maltese Embassies and High Commissions abroad, showcasing regulatory reforms and reinforcing Malta's position as a reliable financial jurisdiction. Meetings have also been held with financial regulatory authorities overseas, including those in India, Singapore, Abu Dhabi, the UK and Luxembourg, and other international associations or bodies, such as EUROFI, CFTC and IOSCO.

Global Footprint of MFSA's Strategic Engagements



Pillar 3: Promoting good governance and compliance

Strong governance, risk management, and compliance are essential for ensuring regulation, consumer protection, and market stability. The MFSA is committed to maintaining high compliance standards, continuously updating internal processes to address emerging challenges. Over this strategic term, it has strengthened corporate governance across all regulated sectors, focusing on accountability, transparency, and resilience.

Corporate Governance Initiatives

In 2024, improving governance standards for listed entities, particularly in line with the Corporate Sustainability Reporting Directive (CSRD) and Gender Balance Directive (GBD), has been a key priority. The MFSA has **supported entities transitioning from the Non-Financial Reporting Directive (NFRD) to the CSRD** through direct engagement and collaboration with the Malta Business Registry and the Accountancy Board. It also worked on transposing the GBD to **promote gender balance on corporate boards**. Additionally, the MFSA convened several industry events, including a dedicated **conference on Regulating Trustees & Company Service Providers** to reinforce oversight and accountability in the sector.

Sustainability remains central to the MFSA's strategy, with **active participation in the European Green Bonds Regulation discussions** to ensure compliance and understanding of the new framework.

Industry Guidance and Publications

The MFSA regularly publishes 'Dear CEO' letters, providing insights and supervisory expectations across all financial sectors. Reports on 'The Nature and Art of Financial Supervision' and the annual Supervisory Priorities documents align with European regulatory bodies' and MFSA goals, ensuring stakeholders are informed on regulatory priorities.

Strengthening Accountability and Compliance

The MFSA is **reviewing the time commitments of approved persons** and key function holders, ensuring leaders dedicate sufficient time to their roles. A study is ongoing to assess the need for a new framework to address multiple appointments and enhance accountability.

Following a thematic review of MLRO practices in Company Service Providers (CSPs), the MFSA issued **guidance to Money Laundering Reporting Officers on compliance areas** like reporting structures and internal controls.

Pillar 4: Embracing innovation

The MFSA is driving innovation in sustainable and digital finance, two key areas shaping the future of financial services. With global financial regulations increasingly focused on sustainability, the MFSA is enhancing its supervisory capacity to address environmental, social, and governance (ESG) risks. This includes integrating ESG considerations into market monitoring, strengthening transparency, and tackling greenwashing—misleading claims about a product's environmental benefits.

Simultaneously, as digitalisation transforms the financial landscape, the MFSA is monitoring the impact of FinTech and BigTech. Collaborating with EU regulators, the Authority adapts frameworks to address both financial and non-financial risks. The MFSA is allocating resources toward technological upgrades and capacity building in support of regulatory innovation, ensuring Malta remains competitive in the digital finance space.

Strengthening Sustainable Finance Supervision

The MFSA is reinforcing its role in supervising sustainable finance, in line with the EU's emphasis on transparency and the centrality of ESG factors for financial institutions. This shift aims to ensure that Malta's financial sector complies with evolving EU regulations and best practices.

In 2024, **the MFSA's Financial Supervisors Academy (FSA) launched a Sustainable Finance Programm**e, covering key areas like climate risk assessment, sustainable finance regulations, and the fight against greenwashing. Additionally, the MFSA participated in a **20-month EU project** under the Technical Support Instrument (TSI) with regulators from Croatia, Poland, and Romania, **gaining new supervisory tools and insights into sustainability reporting**.

Increasing Transparency & Combating Greenwashing

The Data Management and Business Intelligence function led the implementation of the local component of the **European Single Access Point (ESAP)** project. It is an initiative by the European Union aimed at providing a centralised platform for public access to financial and non-financial data related to sustainable investments, as part of the EU's broader goals in sustainable finance. The objective is to make data on sustainability more transparent, accessible, and comparable, helping investors, regulators, and other stakeholders make informed decisions. The initiative is a key part of the EU's strategy to promote sustainable investments and facilitate the transition towards a greener economy. The MFSA is also working on the transposition of the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Bonds Regulation, ensuring local firms align with EU transparency standards. In 2024, the MFSA launched the **'Go Sustainable – Dodge Greenwashing!'** campaign to raise consumer awareness and combat misleading sustainability claims.

Strengthening Cybersecurity and Digital Resilience

With the growing reliance on digital infrastructure, the MFSA has intensified efforts to address evolving cyber threats in the financial sector. By using a data-driven approach, the Authority identifies institutions most vulnerable to cyber incidents, including those heavily interconnected with third-party service providers. It also places emphasis on evaluating the potential for cyber risks to initiate cascading effects across the financial ecosystem, reinforcing the sector's resilience.

To strengthen digital resilience in the financial sector, the MFSA is enforcing the EU's Digital Operational Resilience Act (DORA), which was adopted at EU level in 2022 and has applied since January 2025. DORA establishes a harmonised framework for managing ICT and cyber risks across the EU. A Legal Notice published in July 2024 designated the MFSA as the national competent authority (NCA) and granted it enforcement powers under the Regulation. The MFSA is guiding firms on compliance to ensure robust IT security and operational resilience. In 2024, the MFSA collaborated with financial institutions to identify those requiring Threat-Led Penetration Testing (TLPT) as part of DORA and TIBER-EU framework. A public consultation on TIBER-MT was held in 2023, with feedback published in early 2024. The MFSA also established a dedicated TLPT Cyber Team to enhance the resilience of Malta's financial sector against cyber threats.

MiCA and Broader Digital Finance Reforms

The Markets in Crypto-Assets (MiCA) Regulation marks a shift toward a harmonised EU-wide framework. The existing Virtual Financial Assets (VFA) framework remains in force until the end of the transitional period in July 2026.

Additionally, the MFSA is actively contributing to broader EU digital finance reforms, including the **Payment Services Directive, Open Finance Regulation, and Retail Payment Strategy**. These initiatives aim to modernise financial services and enhance the EU's financial data access framework. The MFSA collaborates closely with the Central Bank of Malta and participates in European Council meetings to align local policies with EU developments.

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Pillar 5: Engaging with the public

The MFSA promotes public engagement through consumer education and clear communication with financial entities. It enhances financial literacy to support informed decision-making and collaborates with stakeholders to ensure coordinated outreach efforts. The MFSA also works with educational institutions to align training with industry needs, focusing on digital finance, risk management, sustainable finance, and AI-driven business intelligence to foster sector growth.

Enhancing Financial Literacy

The MFSA is committed to improving financial literacy and supporting responsible financial decision-making. In 2024, it established a **Financial Literacy Committee** to develop strategies and launched **three consumer campaigns**. The Authority engaged with the public at the **Public Service Expo** and participated in **IOSCO's World Investor Week**, providing information on scams and fraud prevention. Additionally, MFSA officials delivered **lectures on topics like crypto asset regulation and fraud prevention**, collaborating with local organisations such as the Malta Association of Small Shareholders and the Malta Bankers' Association.

The MFSA also initiated an **EU-funded Technical Support Instrument (TSI) project, in partnership with the OECD**, to improve financial literacy for retail investors. The two-year project will develop educational resources, including self-assessment tools, for better investor understanding.

Building Expertise and Collaboration

In 2024, the MFSA's Financial Supervisors Academy partnered with the University of Malta to launch a **Post Graduate Diploma in Financial Regulation and Compliance**, covering areas like risk management, compliance, digital finance, and business ethics. The programme, which started in October 2024 with 32 students and 55 guest lecturers, bridges theory with real-world case studies. Applications for the 2025 intake are being received during the summer.

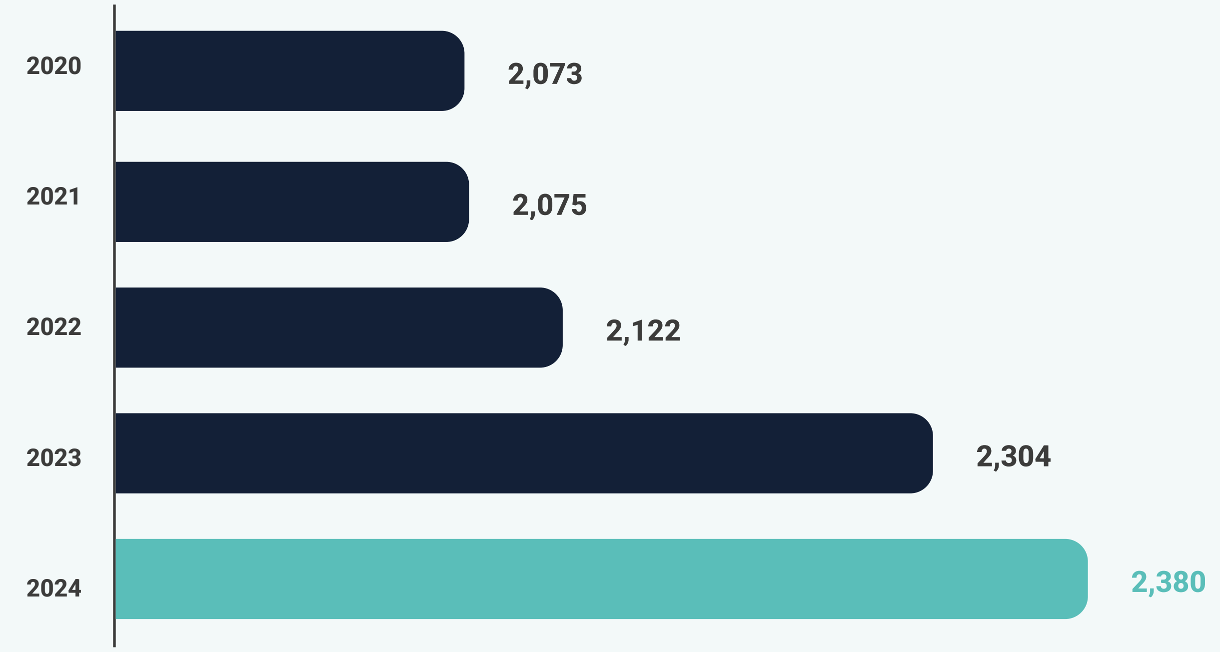
The MFSA also strengthens its collaboration with European Supervisory Authorities and National Competent Authorities (NCAs). Employees participate in **staff exchanges and mobility programmes**, enhancing regulatory expertise and promoting stronger EU-wide financial oversight. These efforts ensure that Malta's financial sector remains competitive, well-regulated, and adaptable to emerging challenges.

Our Work

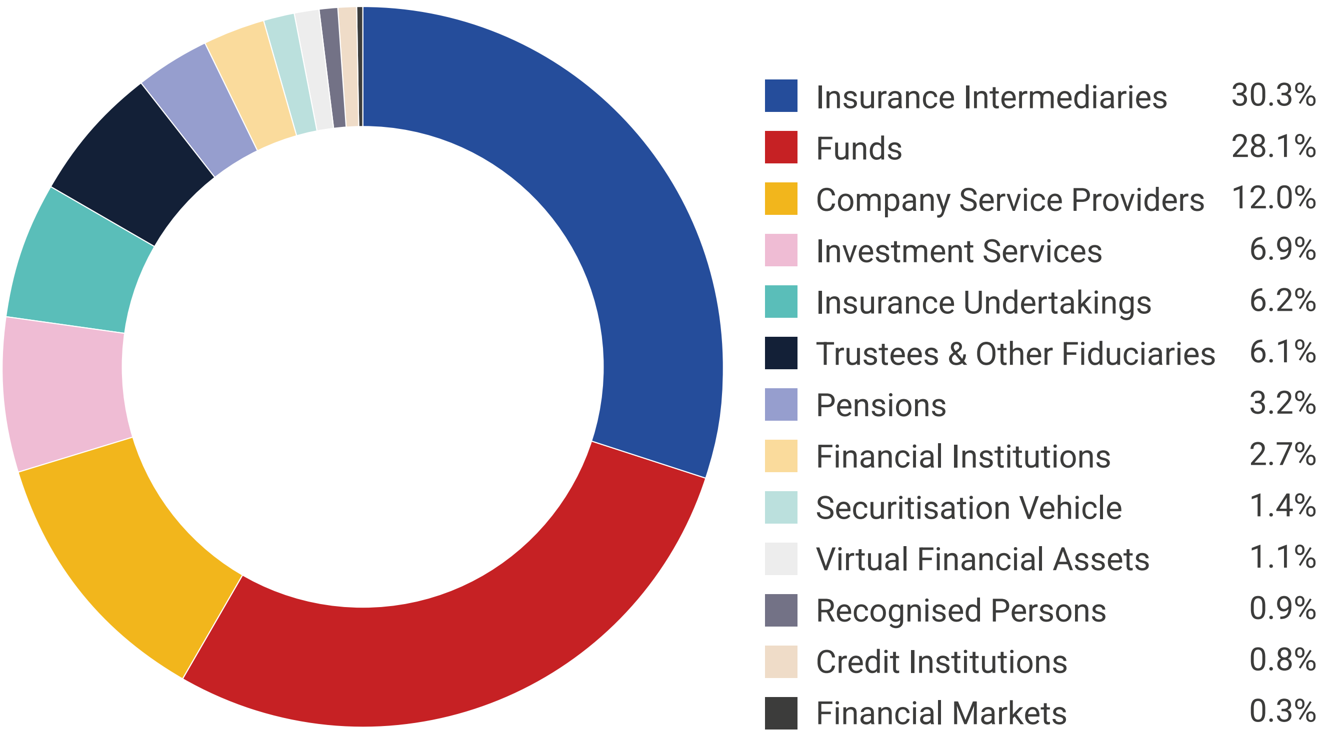
WHO WE REGULATE

In 2024, the MFSA supervised a total of 2,380 authorised entities

Number of Active Authorisations



Licence-holder Population



Applications for Authorisation in 2024

287 applications processed

257 approved

30 withdrawn

POLICY & REGULATION

We are steadfast in our commitment to reinforcing Malta's standing as a progressive, stable and reputable jurisdiction. Our duty is to uphold a financial regulatory framework that is both robust and attractive, ensuring Malta continues to be a premier destination for financial services. Over the past year, the Authority continued to take a proactive approach to strengthening and enhancing Malta's position. Central to this effort has been the close collaboration with national authorities and international counterparts, engaging in legislative and policy discussions that shape the future of EU and international financial policies.

Shaping EU and International Financial Services Policy

The MFSA plays a pivotal role in shaping financial regulation at both the national and European level. We provide strategic guidance to the Maltese Government on forthcoming EU legislative and policy initiatives, ensuring the financial sector remains aligned with evolving European frameworks.

To strengthen Malta's position in European financial policymaking, we encourage active participation in European Commission consultations. Through effective coordination and timely interventions, the MFSA strives to achieve the best outcomes in its function as a proactive and influential voice in EU financial regulatory discussions. This allows us to shape regulatory proposals at an early stage, ensuring Malta's specific needs are taken into account in the development of EU financial policies, ultimately supporting the stability and growth of the local financial sector.

Enhancing Regulatory Cooperation

To strengthen regulatory collaboration, the MFSA has signed multiple Memoranda of Understanding (MoUs) with financial regulators worldwide. These agreements facilitate the seamless exchange of information and support the effective supervision of licensed firms operating across multiple jurisdictions. By expanding cooperation across financial sectors, the MFSA continues to strengthen a cohesive and resilient regulatory framework, whilst safeguarding market integrity and stability.

In 2024, the MFSA further deepened its engagement with national regulatory authorities to broaden its understanding of risks related to cross-border financial activities, including those within the insurance sector across the EU and EEA. This collaborative approach has also driven the development of targeted risk-mitigation measures across various regulated industries.

Capital Markets Reform

In 2024 the Authority launched a proposal aimed at strengthening the current regulatory framework for sponsors building on its Capital Markets Strategy. This initiative aims to define more precise and tailored criteria for firms seeking to operate in this capacity within the local regulated market. By clearly defining the MFSA's expectations, the proposal is expected to enhance the quality and efficiency of applications for listing admissibility, ultimately establishing a more efficient and transparent capital markets environment.

Modernising Investment Fund Structures in Malta

Notified Professional Investor Funds (NPIFs)

Following the launch of the NPIF Framework on 18 December 2023, which formed part of a broader strategic initiative being undertaken with respect to asset management, the MFSA published a Circular on 5 September 2024 on the Publication of Frequently Asked Questions on the Notified PIF Framework and Related Updates to the NPIF Rulebook. The Circular provides further clarity on key aspects of the framework, with particular focus on the general structure and the roles and responsibilities of NPIF service providers.

Special Limited Partnership Funds

Work on the implementation of a framework that allows for the establishment, under Maltese law, of Collective Investment Schemes (CISs) structured as Limited Partnerships without separate legal personality (the "Special Limited Partnership Fund"), has continued over the course of 2024. This framework will complement the existing option to set up CISs as Limited Partnerships (LPs) with a separate legal personality and will be entirely administered by the MFSA and regulated by a subsidiary legislative instrument under the ISA. Following public consultation with the industry, work towards the operationalisation of the framework has continued over the course of the year. The new structure was launched in February 2025.

Self-Managed Notified Professional Investor Funds

The MFSA is working towards widening the scope of the Notified Professional Investor Fund (NPIF) framework to also allow for the establishment of Self-Managed Notified PIFs (SM-NPIFs). While being largely based on the existing structure, the new framework shall incorporate key provisions tailored to the distinct internally managed nature of the scheme. Throughout 2024, the Authority worked on finalising the necessary legislative and regulatory amendments required to effectively implement the concept of an SM-NPIF, which was also launched in February 2025.

Regulatory Developments in Trust and Fiduciary Services

In collaboration with the Malta Financial Services Advisory Council (MFSAC), the MFSA introduced regulatory amendments to the Trustees of Family Trusts framework to support the establishment of family office structures in Malta. The core objective of this reform was the development of a robust regulatory environment that safeguards stakeholder interests while upholding rigorous governance standards.

These amendments were formally introduced in November 2024 through the publication of a Circular on the establishment of Single-Family Offices in Malta. The Circular outlines key revisions to the Investment Services Rules for NPIFs and Related Due Diligence Service Providers, as well as updates to the Trustees of Family Trusts Rulebook which was issued for consultation on 5 December 2024.

Developments in Protected Cell Company (PCC) Legislation

Enhancements in PCC legislation carried out in Q3 2024 have strengthened the processes for transferring cells between Protected Cell Companies and for winding up individual cells, providing greater clarity and efficiency in the operation of insurance cell structures. These were carried out through amendments in the Companies Act (Cell Companies Carrying on Business of Insurance) Regulations, the introduction of a new Chapter 17 in the Insurance Rules entitled "Cell Companies carrying on Business of Insurance", and changes to Chapter 5 to the Insurance Rules.

Strengthening European Synergies in Fitness and Properness Assessments

The MFSA has been actively engaged in discussions regarding the upcoming implementation of a new information-sharing system related to fitness and properness assessments across the three European Supervisory Authorities (ESAs). This initiative is expected to significantly enhance synergies and efficiency at the European level.

SUPERVISION

In fulfilling its mission, throughout 2024 the Authority engaged with regulated firms across all sectors according to its supervisory priorities for the year.

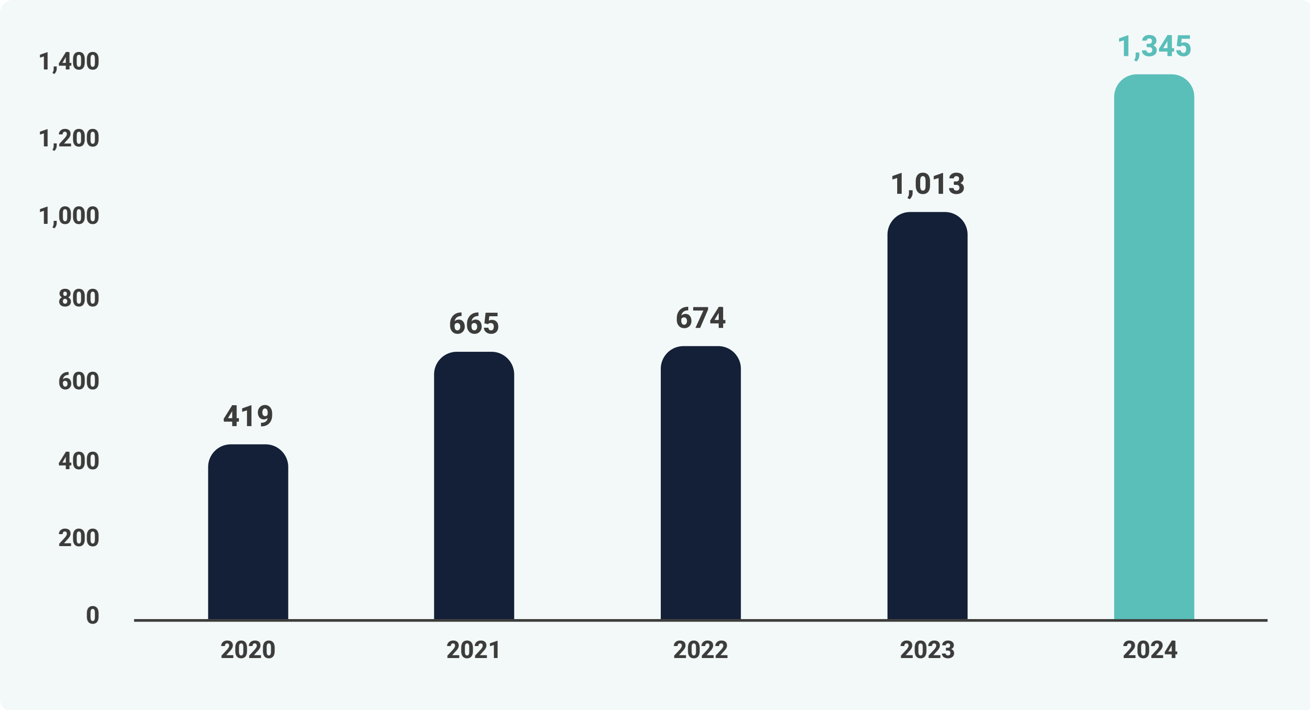
Ongoing Supervisory Priorities

- Governance, Risk & Compliance
- Financial Crime Compliance
- Consumer Protection & Education

Focused Supervisory Priorities for 2024

- Resilience of Supervised Entities
- Sustainable Finance
- Digital Finance
- Cross-Border Supervision

Supervisory Interactions



231 supervisory inspections

50% of which had an AML/CFT focus

453 supervisory meetings

13 Supervisory Review and Evaluation Processes

5 mystery shopping exercises

22 MFSA-ECB projects

621 thematic reviews

1,345 total supervisory interactions

33% MORE THAN IN 2023

Asset Management: Focus on Governance, Operational Resilience, and Control Functions

During 2024, the MFSA focused on key areas within the asset management sector. This notably involved altering the investment management process of fund managers and compliance by UCITS Management Companies (UCITS Mancos) and Alternative Investment Fund Managers (AIFMs) with the requirements emanating from the Sustainable Finance Disclosure Regulation (SFDR). This was undertaken as part of a Common Supervisory Action (CSA) launched by ESMA, which specifically examined the integration of sustainability risks in the investment management processes and the adequacy of sustainability-related disclosures to investors.

The MFSA's engagement with the sector included thematic supervisory meetings aimed at assessing fund managers' evaluation of the liquidity profile of a fund's assets and liabilities, such as the measures taken to assess the ability to meet redemptions and the implementation of appropriate liquidity management tools (LMTs). The latter served as a preliminary assessment on the preparedness of the implementation of the revised Alternative Investment Funds Managers Directive (AIFMD II) requirements on LMTs as well as the compliance with the ESMA Guidelines on Liquidity Stress Testing (LST) in UCITS and AIFs. Additionally, the MFSA maintained routine supervisory interactions concerning governance structures, operational resilience and control functions.

Furthermore, the MFSA conducted a desk-based assessment on the Total Expense Ratio (TER) for various investment funds. This assessment followed up on a CSA led by ESMA in 2021 regarding cost and fee supervision for UCITS, identifying a number of funds with higher-than-average TERs which were subsequently reviewed by the MFSA.

Banking: Preparedness for Emerging Challenges

In 2024, the MFSA conducted four onsite inspections for Less Significant Banks, focusing on credit risk, risk management, internal governance, and controls. Additionally, the Authority completed a Thematic Review on Digitalisation Maturity across 14 selected banks. The study revealed that over 60% of clients are enrolled in mobile or internet banking, indicating that the usage of digital services has increased, particularly for mobile banking, while branch footfall has overall decreased between 2022 and 2023, for both cash services and outward payments – a phenomenon particularly driven by the COVID-19 pandemic.

This broader trend was further evidenced by a rise of more than 10% in inter-account transfers, outward payments and client instructions processed through internet banking across the institutions in scope. Meanwhile, ATM usage patterns showed a slight decline of approximately 1.08% in the number of cash withdrawals, despite a 2.2% increase in the total value of cash withdrawn — suggesting fewer, but higher-value, transactions. These inspections assessed how well banks are adapting to digital transformation, ensuring that their systems and processes remain resilient in the face of new technological challenges

For Significant Institutions, the MFSA conducted two inspections to assess their business model and liquidity risk management processes.

Throughout the year, the MFSA engaged directly with bank executives and board members to reinforce strong corporate governance, financial resilience, and regulatory expectations. Key topics included governance and leadership, emphasising best practices in succession planning and board diversity; risk and compliance, focusing on strengthening AML and CFT controls from a prudential standpoint; and resilience and sustainability, addressing strategies for adapting to economic and geopolitical challenges.

These discussions played a crucial role in informing the Authority's ongoing supervisory work, including the Supervisory Review and Evaluation Process (SREP). This year, SREP assessments were conducted for five banks, evaluating their long-term sustainability, governance, risk management, and financial strength.

Beyond regular supervision, the MFSA undertook thematic assessments, in-depth analyses and onsite inspections to assess banks' preparedness for emerging challenges, including climate and environmental (C&E) risks and the upcoming EU banking regulations, ensuring readiness for the Capital Requirements Regulation (CRR III) and the Capital Requirements Directive (CRD VI).

Inspections on the business conduct of banks

APR Calculation & Disclosure

Inspections found disproportionate fee structures and unclear website disclosures.

Greenwashing Review

Concerns were raised on undisclosed fee waivers, outdated information, and lack of transparency in green loan disclosures.

Digitalisation Review

Banks are progressing in digital transformation, however there were gaps in ATM maintenance and customer support for digital services.

Mystery Shopping Exercise

Identified missing fee disclosure at enquiry stage, lack of assistance with account switching, and inconsistent adherence to procedures across branches.

Supervisory Meetings

Addressed topics like service levels, cheque encashment, ATM availability, and fee structures.

By proactively engaging with banks and adapting to new risks, the MFSA remains committed to ensuring that Malta's banking sector remains stable, resilient and well-regulated.

Investments: Data-driven oversight for a safer investment landscape

In 2024, the MFSA deepened its supervisory engagement with investment firms, focusing on operational resilience and the robustness of governance frameworks. These efforts aimed to ensure firms are well-equipped to navigate strategic, operational, and regulatory challenges. The MFSA scrutinised the applicable frameworks covering strategic direction and decision-making processes. Internal control functions and how firms manage conflicts of interest were also examined with the overarching goal to reinforce transparency, compliance and operational soundness.

The engagements were complemented with a comprehensive review of a sample of Internal Capital Adequacy and Risk Assessments as well as recovery plans. These reviews assessed how well firms are identifying and managing risks and the controls implemented to prepare for potential disruptions. A summary of the common findings and thematic observations was published in the 'Dear CEO' letter issued in November 2024. This communication provided industry-wide guidance and reinforced expectations around best practices aiming to achieve the expected levels of compliance, particularly in governance, control functions, and outsourcing.

Additionally, detailed reviews of EBA eXtensible Business Reporting Language (XBRL) returns were carried out to ensure that investment firms maintained sufficient capital to cover identified risks. Sample data quality checks were also performed on reported figures. Furthermore, the MFSA completed the development of the Supervisory Review and Evaluation Process (SREP) model. This will enhance the Authority's assessment of the risks that investment firms are exposed to. The testing phase of this model was finalised towards the end of 2024.

A focus on sustainability

In 2024, the MFSA carried out a series of inspections across investment firms and banks concentrating on suitability assessment regulations, with a particular emphasis on integrating sustainability into product governance. These engagements also addressed adherence to the Sustainable Finance Disclosure Regulation (SFDR) Levels I and II, focusing on combating greenwashing. Additionally, the MFSA reviewed governance structures, risk management and compliance functions, identifying areas necessitating improvement such as insufficient board engagement, unclear compliance monitoring plans and insufficient resources. In response, remediation plans were implemented to ensure that firms effectively addressed these regulatory concerns.

Inspections of sales processes revealed that firms were largely compliant with suitability and appropriateness assessments for structured products. Simultaneously, the MFSA prioritised the oversight of outsourcing arrangements, ensuring that such arrangements did not compromise firms' governance, increase operational risks, or undermine policyholder protections. In parallel, the MFSA integrated financial crime assessments into its prudential supervision efforts to oversee AML and CFT controls.

Capital Markets: Strengthening Governance

In 2024, the MFSA focused heavily on governance-driven oversight, aiming to increase compliance with the applicable legislation. This strategic focus resulted in a robust programme of supervisory activities, including:

13 inspections related to market abuse

MLRO questionnaires

Inspections covering regulatory frameworks:

- **European Market Infrastructure Regulation (EMIR)**
- **Securities Financing Transaction Regulation (SFTR)**
- **Central Securities Depositories (CSD)**
- **Corporate Sustainability Reporting Directive (CSRD)**
- **Markets in Financial Instruments Directive (MiFID)**
- **Markets in Financial Instruments Regulation (MiFIR)**

Compliance meetings with market participants to reinforce expectations and strengthen adherence across multiple financial regulations.

Financial Institutions and VFA Service Providers: Targeted oversight with a risk-based approach

Following the publication of the MFSA's Supervisory Priorities the Authority initiated the first round of outcomes-based assessments for Financial Institutions (FIs) and Virtual Financial Asset Service Providers (VFASPs) in 2024. These assessments aimed to evaluate compliance with regulatory requirements emerging from the applicable frameworks. To gain a comprehensive understanding of how well licensed entities are meeting safeguarding obligations, a data collection exercise was conducted through a survey. The findings from this exercise were used to establish key outcomes which will effectively promote increased compliance across all licensed entities within both sectors.

Throughout the year, targeted assessments on FIs and VFASPs, were carried out, addressing core regulatory areas, such as the safeguarding of clients' funds and assets, the fulfilment of outsourcing requirements, and compliance with sector-specific obligations. For VFASPs, the readiness for authorisation under the Markets in Crypto-Assets Regulation (MiCA) was a particular focus. Meanwhile for FIs, the MFSA reviewed conformity with passporting rules to ensure proper cross-border operations.

Following these assessments, authorised stakeholders received a summary of findings, along with recommendations and identified areas for improvement within their internal control framework concerning the relevant compliance areas. Furthermore, the MFSA provided these stakeholders with insights into their compliance standing relative to the broader assessed population, offering a comparative perspective on their adherence to regulatory standards.

Insurance: Safeguarding stability in the sector

The financial stability of licensed entities is critical for the Authority's supervision of the insurance sector. In 2024, significant efforts were directed across various areas. Inspections of tied insurance intermediaries focused on funds held in a fiduciary capacity, while reviews concerning the Claims Reserving process and the Motor Insurance Directive assessed firms' systems, controls and claims handling procedures to ensure compliance with European regulatory standards. Additionally, for new licence holders, compliance inspections were carried out during their first year to confirm that they operated in alignment with their approved business plans and regulatory obligations. Given the cross-border nature of many firms, the Authority worked closely with other National Supervisory Authorities, including those in the UK, conducting compliance inspections to evaluate adherence to EIOPA's Supervisory Statement on governance arrangements in third countries - a critical focus in the post-Brexit regulatory landscape.

From a conduct perspective, the MFSA addressed several consumer-centric issues. Reviews of selling practices scrutinised cold calling techniques, compliance and AML procedures. Meanwhile, the Authority also intensified its value-for-money assessments, reviewing product costs, charges, remuneration structures and product governance, particularly in the context of online sales and sustainability. The first phase of the credit protection insurance (CPI) review examined policy wording and commissions, with the second phase, set for 2025, to focus on CPI distribution practices. In collaboration with the Insurance and Pensions Supervision Function, joint reviews were conducted to ensure that governance frameworks remained effective. The monitoring of sales processes highlighted the need for better implementation of internal sales procedures and distribution monitoring, leading to the issuance of further guidance to support improvement. Insurers were advised to improve the content of the documentation which explains how the products deliver value to consumers, whilst also including transparent justifications for costs, commissions, and coverage as part of their product oversight governance.

Trustees and Company Service Providers: Enhancing Transparency and Compliance

One of the Authority's pilot projects in 2024 saw the Compliance Outcomes-Based approach being applied to the verification of beneficial ownership information reported in the Trusts Ultimate Beneficial Ownership Register (TUBOR). In addition to this, the MFSA worked on further enhancements to the TUBOR platform by introducing additional automated validation checks to reduce human error during submissions. A new feature was also launched, allowing competent authorities and subject persons to report discrepancies between reported beneficial ownership information and the data in their possession. These updates were introduced in view of Malta's ongoing efforts to implement the Beneficial Ownership Registers Interconnection System (BORIS), as required by EU legislation, and to ensure alignment with EU expectations, particularly in light of the amendments to the EU Anti-Money Laundering Directive that came into effect in 2024.

Furthermore, throughout 2024, the MFSA emphasised and ensured that Company Service Providers (CSPs) operate with robust compliance functions. In this regard, a thematic review was carried out in the form of a thematic questionnaire which was sent to selected CSPs on a risk-based approach. As part of this review, participating CSPs were required to perform a documented gap analysis, benchmarking their current practices against the MFSA's regulatory expectations.

Reinforcing AML/CFT Compliance Through Strategic Collaboration

In its continued effort to safeguard the integrity of Malta's financial system, the MFSA maintained close cooperation with key national stakeholders. These partnerships are central to preventing the misuse of licensed entities for money laundering and terrorist financing (ML/FT) activities.

FIAU-Delegated Supervisory Engagements

In 2024, the MFSA carried out 27 FIAU-delegated supervisory engagements, focusing on AML/CFT and sanctions compliance across various regulated sectors. These supervisory engagements focused on identifying weaknesses in AML/CFT frameworks, reviewing internal controls, and governance structures.

Supporting the Sanctions Monitoring Board in Enforcing Financial Sanctions

The MFSA actively co-operates and supports the SMB by assisting in the monitoring of the Subject Person's compliance with the obligations stemming from the National Interest (Enabling Powers) Act (NIA). The MFSA's role includes the monitoring of the adherence to sanctions screening obligations, which involves a thorough review of their sanctions screening policies and an evaluation of the effectiveness of their implemented controls.

In line with established procedures, the MFSA directly reports any relevant findings to the SMB for further assessment and potential regulatory action. In 2024, the MFSA shared 27 items of information with the SMB regarding licence holders' compliance with sanctions requirements.

Ensuring Fit and Proper Leadership for AML Compliance

The MFSA is also involved in the approval process of MLROs, both for applicants seeking licensing, as well as existing licencees seeking to appoint a new MLRO. In 2024, the MFSA received 64 MLRO applications across all supervisory functions, conducting 61 MLRO interviews to assess the candidates' suitability, sector-specific knowledge, and ability to meet the expectations of the role. These included five interviews within the Trustees and Company Service Providers sector, five in the Investments and Funds sector, two in the Insurance sector, 32 in the Financial Institutions sector, 14 in the Crypto Asset Service Providers sector and three in the Banking sector.

Driving Sector-Wide Improvements Through thematic reviews

As part of its ongoing supervisory efforts, the MFSA conducts thematic reviews to assess sector-wide compliance with regulatory expectations. These reviews are conducted through structured questionnaires distributed to a selected sample of authorised entities. Following the analysis of responses, the MFSA publishes a report, in the format of a 'Dear CEO' letter, outlining the Authority's observations and supervisory expectations.

In 2024, a major thematic review focused on Money Laundering Reporting Officers (MLROs) within the corporate Company Service Providers (CSPs) sector. The review covered a sample of 50 CSPs, evaluating the reporting procedures, internal controls, MLRO qualifications and time commitment dedicated to the role. The subsequent 'Dear CEO' letter offered a detailed overview of industry practices, common shortcomings, and clear guidance for improving internal AML/CFT frameworks.

Additionally, in 2024, the MFSA launched another thematic review targeting Financial Institutions and Crypto Asset Service Providers (CASPs). This review zoomed in on three areas of priority: Terrorism Financing (TF), Targeted Financial Sanctions and Proliferation Financing. The results of this second review were published in 2025.

ENFORCEMENT

The MFSA plays a critical role in safeguarding the integrity of Malta's financial services sector. In 2024, the Authority significantly ramped up its enforcement efforts to ensure that individuals and entities remain fully compliant with regulatory standards.

134 Enforcement Actions

126 Administrative penalties (38 of which were concluded through settlement)

4 Directives

2 Cancellations of licence

2 Reprimands

These actions targeted a range of infringements, including:

- Fitness and properness of individuals
- Market abuse
- Breaches of financial directives
- Governance and internal control deficiencies
- Delays or non-submissions of statutory documents
- Non-cooperation with information requests

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The sum of penalties issued in 2024 amounted to €926,485, €735,993 of which relate to cases closed through settlement.

Enforcement measures imposed by the Authority can be viewed on the official website of the MFSA.

Beyond the imposition of penalties, the Enforcement Function continued its critical investigative work throughout 2024.

During 2024, the Enforcement Function:

- Continued to review **292** cases brought forward from previous years
- Opened **103** new cases
- Closed **200** investigations
- Closed **174** cases involving late/non-submission of documents
- Worked on **220** cases related to potential scams, fraudulent entities and consumer complaints, 184 of which were closed in 2024.
- Filed **7** police reports about scams and unauthorised business

These ongoing efforts underline the MFSA's unwavering commitment to protect consumers from the risk of financial loss and uphold high standards of market conduct. Through its enforcement actions, the Authority also aims to deter regulatory breaches across all licensed sectors by addressing governance and compliance failures.

More Transparent Processes

The MFSA has conducted a comprehensive review and updated the list of minor regulatory breaches that may be subject to administrative penalties. The revised guidance is now publicly accessible on the MFSA website.

Additionally, the Authority has updated its Publication Policy to enhance transparency and regulatory clarity. Key changes include:

- The introduction of new retention periods for Settlement Notices.
- A clearly defined and exhaustive list of non-material breaches, which is flexible enough to incorporate future regulatory updates as they arise.

Due Diligence: The Frontline of financial integrity

In 2024, the MFSA further strengthened its integrity checking processes while exploring opportunities for innovation. At the heart of its mandate lies the rigorous assessment of individuals proposed for key roles within the financial services sector. Throughout the year, the MFSA successfully completed approximately 1,400 reports on prospective candidates, with an 8% year-on-year growth demonstrating the Authority's commitment to maintaining robust regulatory standards.

By refining its screening mechanisms, the MFSA continues to expand its oversight of individuals within the Authority's remit, safeguarding and mitigating reputational and operational risks. In addition to evaluating newly authorised individuals, the MFSA also undertakes various additional checks, addressing ad-hoc requirements that arise throughout the regulatory lifecycle.

FINANCIAL STABILITY – STRENGTHENING SYSTEMIC RESILIENCE ACROSS SECTORS

Enhancing Risk Monitoring and Resilience Tools

In 2024, the MFSA played a critical role in safeguarding Malta's financial system by proactively identifying and mitigating systemic risks. Key initiatives focused on addressing vulnerabilities stemming from geopolitical tensions, inflation, interest rate shifts and climate risks. To bolster resilience, the Authority's efforts included refining risk dashboards, developing early warning metrics and enhancing cross-sectoral monitoring.

A major development was the advancement of the MFSA's impact assessment framework for the banking sector, integrating both micro- and macro perspectives to better evaluate the shock absorption capacities of financial institutions. In parallel, liquidity stress testing for investment funds was also refined, while research into non-bank financial intermediation developed indicators to detect bank-like risks and interlinkages with traditional banks.

Emerging risks, particularly cyber threats, were addressed through a framework for analysing the financial system's ICT third-party providers, focusing on vulnerabilities and contagion channels. Meanwhile, real estate market dynamics remained high on the agenda, with ongoing collaborative efforts to implement the European Systemic Risk Board (ESRB)'s Recommendation on commercial real estate vulnerabilities.

Climate Risk, Macroprudential Strategy and Global Engagement

Climate-related risks were a key strategic focus for the MFSA in 2024, with the Authority actively contributing to global efforts through the Network for Greening the Financial System. Publications on cyber risk and climate change highlighted the MFSA's commitment to promoting a stable and sustainable financial system while shaping international financial stability policy.

Collaboration with the MFSA's supervisory and regulatory functions enhanced a stronger integration of micro- and macroprudential strategies. This collaboration enabled more effective management of both systemic and entity-specific risks. These synergies informed the Authority's strategic priorities and enabled more targeted interventions.

Joint efforts with the Central Bank of Malta under the Joint Financial Stability Board (JFSB) guided macroprudential measures. Initiatives included supporting the annual review of capital buffer requirements for Other Systemically Important Institutions (OSIIs) and applying the Sectoral Systemic Risk Buffer (sSyRB) to strengthen banking sector resilience.

The MFSA also addressed regulatory developments, including evaluating the exposure of domestic financial entities under the revised Benchmarks Regulation. In the investment fund sector, ongoing monitoring of leverage, as mandated by the Alternative Investment Fund Managers Directive, provided insights which were shared with the ESMA.

Implementation of key ESRB Recommendations remained a priority, including those addressing risks in commercial real estate, systemic cyber incidents, foreign currency lending, and reliance on US dollar funding.

Risk Landscape and MFSA Interventions in 2024

REAL ESTATE

Risk	Excessive reliance on real estate-related business increases vulnerability to downturns.
Action Taken	Implemented capital buffers and lending standards to strengthen sector resilience.

CLIMATE-RELATED RISKS

Risk	Extreme weather and a slow green transition may drive costs and market disruptions.
Action Taken	Conducted climate exposure analysis; strengthened capabilities via NGFS participation.

CYBERSECURITY THREATS

Risk	More frequent and complex cyber incidents risk critical service disruption and data breaches.
Action Taken	Enhanced oversight of ICT third-party provider linkages across the financial system.

GEOPOLITICAL TENSIONS

Risk	Heightened geopolitical instability disrupts trade flows, markets, and investor confidence.
Action Taken	Performed impact assessments on financial sector exposures to geopolitical shocks.

MACROECONOMIC RISK

Risk	Inflation and recessionary pressures in key economies impact local financial conditions.
Action Taken	Carried out scenario analyses to assess resilience under adverse economic conditions.

INTERCONNECTEDNESS

Risk	Strong interlinkages among financial institutions amplify shock transmission.
Action Taken	Conducted ongoing network analysis of the Maltese financial system.

Collaboration, Communication and Industry Dialogue

A series of articles were published, providing insights to industry participants, policymakers and the broader public on critical topics such as cyber risks and climate change.

A significant milestone in 2024 was the MFSA's inaugural Financial Stability Conference, held in October. This event convened licence holders, industry professionals, policymakers and academics to discuss emerging risks and strategic priorities shaping the financial system. The conference featured panel discussions on key issues such as the sustainability of real estate as an economic driver, housing affordability, the implications of climate change and the evolving role of financial entities in driving the transition towards a sustainable economy. The event also served as a platform for local and international experts to exchange insights and engage in meaningful dialogue on the implications of these challenges for Malta's financial sector and the broader economy.

In 2024, the MFSA and the Central Bank of Malta collaborated to assess the adequacy of risk weights assigned to residential and commercial real estate exposures in Malta, as required by the Capital Requirements Regulation (CRR). A joint working group was founded to facilitate effective communication, coordinated analysis and streamlined decision-making around the periodic assessments tied to the regulatory mandates.

This collaboration integrated microprudential and macroprudential perspectives, ensuring a comprehensive assessment of potential risks and their impact on Malta's financial stability. The initiative strengthened regulatory infrastructure, aligning with CRR requirements to support a robust financial system.

Safeguarding Stability Through Resolution and Compensation Frameworks

The MFSA is tasked with ensuring that banks and financial institutions facing significant challenges, can be restructured or wound down in an orderly manner, thereby protecting financial stability, depositors, and taxpayers.

In 2024, the MFSA remained committed to industry engagement and to raising awareness on its responsibilities under the Bank Recovery and Resolution Directive (BRRD).

As Malta's National Resolution Authority, the MFSA collaborated extensively with the Single Resolution Board (SRB), EBA and other National Resolution Authorities to develop resolution guidelines. A key highlight was the SRB Plenary session held in Malta in June 2024, which brought together resolution leaders from across the Banking Union.

The MFSA also broadened its remit beyond credit institutions, collaborating with the ESMA and the EIOPA on developing resolution frameworks for central counterparties (CCPs) and insurance firms. The MFSA also actively participated in discussions on Crisis Management and Deposit Insurance, and contributed to the Insurance Recovery and Resolution Directive, further underscoring its commitment to crisis preparedness.

During the past year, the MFSA's Resolution function continued its work on resolution planning for Significant Institutions in collaboration with the SRB, ensuring compliance with Minimum Requirement of Own Funds and Eligible Liabilities (MREL) and implementing SRB decisions. For Less Significant Institutions (LSIs), it developed annual resolution plans, refined MREL requirements and enhanced resolvability efforts. Regular engagement with LSIs facilitated best practice recommendations, addressed obstacles to resolution and ensured efficient liquidation processes where necessary.

The Depositor Compensation Scheme (DCS) continued to serve as a critical safety net providing up to €100,000 in compensation to eligible depositors, and up to €500,000 for temporary high balances, in the event of bank failure. In 2024, the DCS adopted a new risk-based methodology for collecting contributions from credit institutions, further strengthening the fund. Additionally, a stress testing exercise conducted in accordance with the EBA regulations, simulated repayment scenarios, cross-border cooperation and insolvency proceedings, thus confirming the Scheme's resilience and operational effectiveness.

The Investor Compensation Scheme (ICS), established in 2003, provides protection to clients of MFSA-licensed investment firms that are unable to return client assets. If an MFSA-licensed investment firm is declared as failed, eligible investors may receive compensation of up to €20,000. In 2024, the ICS strengthened its financial base by revising its contribution methodology and launching two fund recovery initiatives targeting past compensation events.

Both the DCS and ICS remained instrumental in reinforcing financial stability mechanisms, ensuring effective investor and depositor protection in compliance with regulatory requirements.

How the MFSA protects consumers

1,685	Advertisements published by investment firms, insurance companies and banks were reviewed
61	Advertising Cases Required Amendments
26 Website reviews	focused on sustainable finance disclosures and forex providers
248 Conduct-Related Returns	analysed to flag early signs of misconduct or spikes in consumer complaints
49	Public Warnings and 5 Consumer Notices were issued
10 Mystery shopping exercises	conducted to assess consumer experiences in relation to personal loans and payment accounts

Key findings:

- Gaps in pre-contractual disclosure
- Lack of clarity and transparency in customer-facing materials
- Compliance challenges with consumer protection standards

FINANCIAL LITERACY IN ACTION

In 2024, the MFSA launched several educational campaigns aimed at enhancing consumer awareness and sound financial decision-making. The campaigns featured across a range of media channels, tackling topics such as greenwashing and investments in bonds, spotlighting risks and opportunities while offering practical tips to help consumers with best practices to navigate potential threats.

Educating with Impact: MFSA's 2024 Consumer Campaigns

In 2024, the MFSA launched two high-impact campaigns focused on consumer education — raising awareness about greenwashing and empowering investors to make informed decisions about bonds. Towards the end of the year and in time for the holiday season, the MFSA worked jointly with ESMA to launch a social media campaign on financial scams.

Go Sustainable – Dodge Greenwashing!

This campaign encouraged consumers to critically assess sustainability claims and avoid misleading marketing.

Investment in Bonds

Designed to demystify bond investments, this campaign helped consumers better understand the risks and benefits associated with fixed-income products.

Financial Scams and how to avoid them

A campaign alerting the public to the different types of financial scams they might encounter, especially during the holiday season, and how to spot them.

2.2M Video views

55k Website visits

Industry Engagement

The MFSA reinforced its commitment to supporting financial entities in navigating the evolving regulatory requirements. Through a structured series of targeted conferences, workshops, direct consultations and comprehensive guidance documents, the Authority equipped firms with the knowledge and resources necessary to enhance compliance and strengthen operational resilience. These initiatives formed part of the MFSA's broader commitment to cultivate a robust compliance culture, mitigate regulatory uncertainty and promote greater transparency, ultimately contributing to a more stable and robust financial sector.

MFSA Annual Report 2024

6 MAJOR CONFERENCES

- Regulatory Changes for New Notified Professional Investment Funds
- Regulation of Trustees and Company Service Providers
- Sustainability Reporting – From NFRD to CSRD

- Insurance Undertaking Passporting Forms
- Key Themes in Financial Stability Conference
- Navigating the Reforms in Banking Regulation

116 speakers

5 INDUSTRY WORKSHOPS

Conduct of Business Rulebook Publication Workshop

Navigating SFDR & the Sustainability Framework

The New Financial Institutions Rulebook and Return

1,920
attendees

Outsourcing Arrangements: Delegation of Authority

Enhancing Supervisory Reporting: Data Quality & Regulatory Compliance

119 Circulars to the Industry

15 Dear CEO Letters

"These types of discussions, where the industry is present, are very relevant to enrich the policy debate. That is exactly what we have seen this morning, with a lot of interesting exchanges among various actors in the financial industry"

Jan Willem Slingerberg

Head of Department Supervisory Policy, De Netherlandsche Bank – Speaker at the MFSA Conference on Navigating the Reforms in Banking Regulation

"It's been great presenting our Eurozone Economic Outlook from Pantheon Macroeconomics at the MFSA's first annual conference. I hope, if they are to repeat it, I am invited back. It's been wonderful to meet loads of people from the sector!"

Melanie Debono

Senior Europe Economist, Pantheon Macroeconomics, London – Speaker at the MFSA's Key Themes in Financial Stability Conference

"Seeing 400 people in the room shows just how important it is to hear directly from the regulator, from the horse's mouth, what the insights are. This guides practitioners in preparing their own risked-based approach."

Nick Captur

President, IFSP – Speaker at the MFSA's Regulating Trustees and Company Service Providers Conference

Digital Media Presence

In 2024, the MFSA continued to expand its digital footprint, by strengthening connections with the public through its website and social media channels. These platforms are central to our mission of promoting transparency, accessibility, and real-time communication with stakeholders. Year-on-year, data reflects consistent audience growth and increased engagement across all key channels.

Website Performance

Total Website Sessions (2024)	Year-on-Year Growth
772,848	+7%

Social Media Growth

Increase in followers from 2023 to 2024

- Instagram: +24%
- Facebook: +5.9%
- LinkedIn: +12.7% reaching 25,000 followers

Strengthening Dialogue: Engaging with Industry Associations

The MFSA holds regular meetings with Industry Associations such as the Insurance Association Malta (IAM) (ex MIA), the Association of Insurance Brokers (AIB), the Malta Bankers' Association (MBA) and the Malta Asset Servicing Association (MASA) to discuss ongoing regulatory developments. These regular meetings ensure an open channel of communication between the regulator and regulated entities, facilitating a deeper alignment with the applicable regulatory requirements. Through collaboration and transparency, the MFSA aims to enhance industry-wide compliance standards and promote a more resilient regulatory culture.

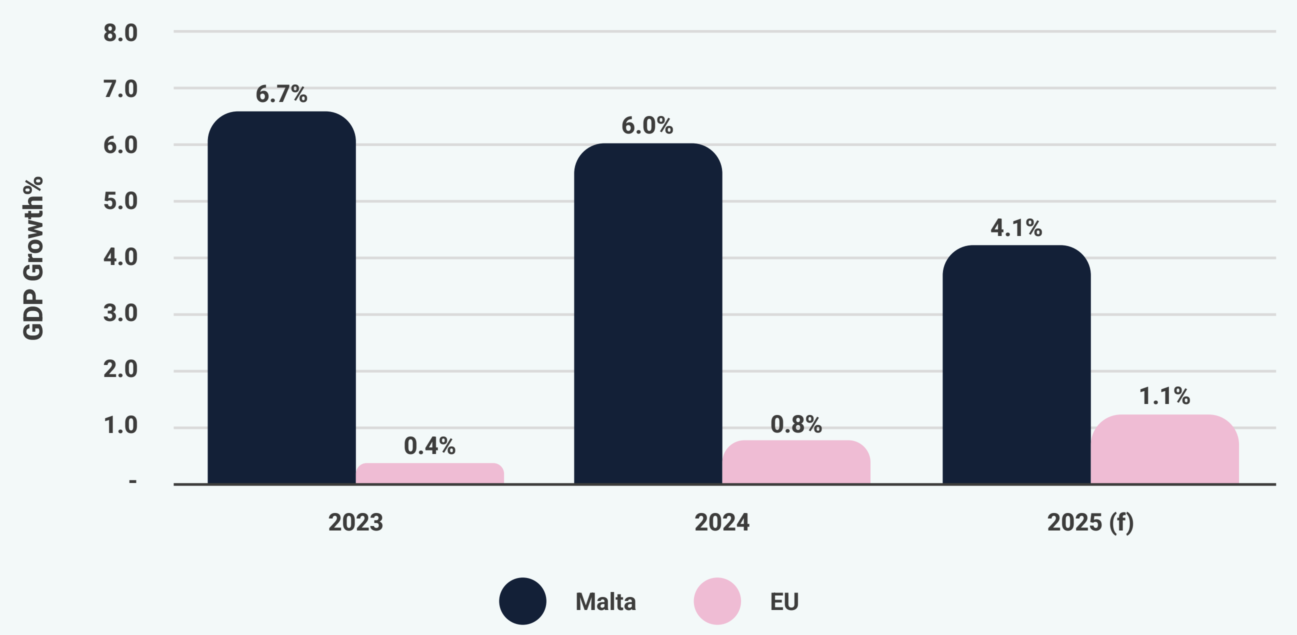
State of the Financial Industry

Resilient Growth: Malta's Economic Performance and Outlook

Malta's economy remains one of the fastest growing in the European Union (EU), demonstrating resilience and sustained economic momentum. Economic growth for 2024 stood at 6%, a slight moderation from the 6.7% recorded in 2023. Amidst the uncertain international geopolitical context, Malta's economic outlook remained highly positive, with the European Commission (EC) projecting growth that far outpaces the EU average of 1.0%[1]. Malta's economy is expected to expand further, albeit at a slower pace, with GDP projections of 4.1% and 4.0% in 2025 and 2026. Looking forward, international developments, including escalation in trade tensions, will have a role in shaping economic growth across jurisdictions. Nonetheless, at this juncture, Malta's performance is still set to outpace the EU average GDP growth rate, forecasted at 1.1% in 2025 and 1.5% in 2026.

> "Malta's economy grew by 6% in 2024"

GDP growth (%) in Malta and the European Union



Sources: Eurostat, European Commission

Malta's Key Economic Indicators

Indicators	2023	2024	2025 (F)
	(%)	(%)	(%)
GDP growth rate	6.7	6.0	4.1
Financial Services Sector Contribution to Total Real GVA	8	8.2	-
Inflation rate	5.6	2.4	2.2
Unemployment rate	3.5	3.1	3.1
General government balance to GDP	(4.7)	(3.7)	(3.2)
General Government Gross debt to GDP	47.9	47.4	47.6

Sources: NSO, Eurostat, European Commission

1 *European Economic Forecast. Autumn 2024 - Malta*

Economic growth in Malta is expected to continue to be sustained by rising exports, particularly in the services sector. Furthermore, stronger domestic demand, at the back of lower anticipated inflation which is forecasted to hover marginally above the 2% mark in 2025, will drive growth in private consumption and investment. Nonetheless, some caution on the trajectory of inflationary pressures should be exerted, given the openness of the Maltese economy. While the Maltese government remains committed to maintaining energy price subsidies, surges in prices of food and services, driven by external factors, are expected to maintain a certain degree of inflationary pressures.

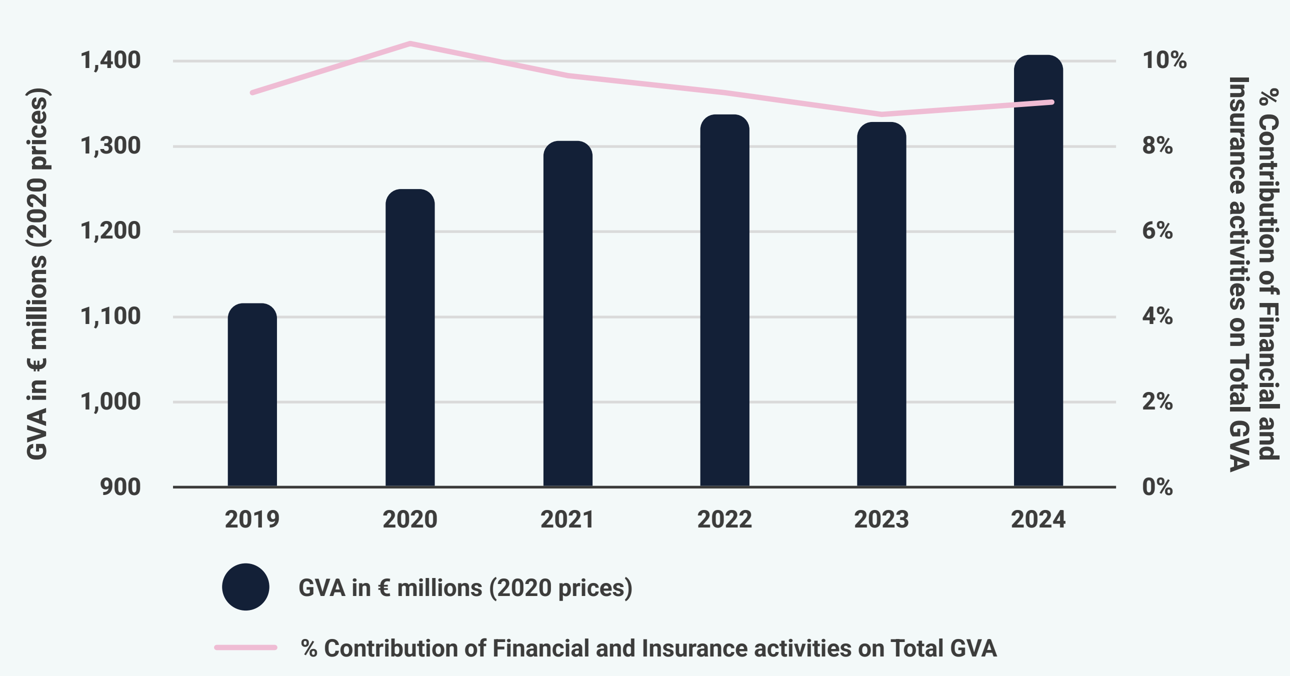
Mirroring the resilience of the broader economy, labour demand should remain strong, though a slight moderation is expected in line with economic projections. As a result, the unemployment rate is expected to remain exceptionally low, at around 3.1%, with Malta set to continue operating near full employment. Looking forward, domestic skills shortages will continue to drive the market, even in a context of the upcoming reform in the labour migration policy.

> "Malta's unemployment rate to remain at 3.1% in 2025"

Malta's public finances are set to improve in the coming years, with the general government deficit-to-GDP ratio changing from -4.9% in 2023 to -3.7% in 2024, and subsequently -3.7% in 2025. This improvement is largely attributed to the expected decline in global fuel and energy prices, which in turn would contribute to lower expenditures on fuel and energy subsidies. Government revenue is projected to remain broadly stable. However, the ratio of government debt-to-GDP is forecasted to rise slightly to 47.6% in 2025, up from 47.4% in 2024.

Financial Industry GVA

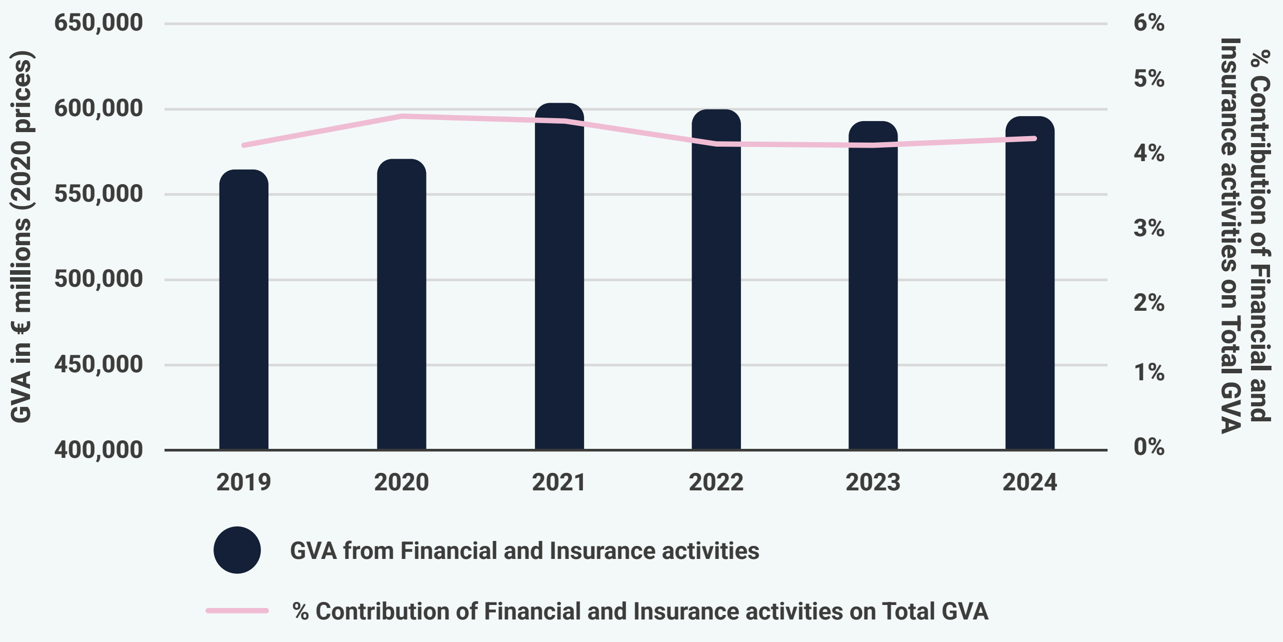
Real GVA for Malta's Financial and Insurance Services Sector



Source: National Statistics Office

The financial services sector remains a key contributor to Malta's economy, accounting for 8.2% of the total real GVA, representing a 0.2 percentage point increase from the previous year. This reflects the importance to Malta's economic landscape. After a moderation in GVA growth recorded in the aftermath of the COVID-19 pandemic, growth picked up in 2024, potentially paving the way for a return to positive momentum in the coming year.

Real GVA for the European Union's Financial and Insurance Services Sector



Source: Eurostat

Turning onto the European Union, the contribution of financial and insurance activities to total real GVA stood at around 4.4%, significantly lower than Malta's 8.2%. Since 2022, the EU financial sector has also experienced slower growth, reflecting a broader slowdown across member states.

"The contribution of Malta's financial sector to total real GVA stands at 8.2%, exceeding the EU average of 4.4%"

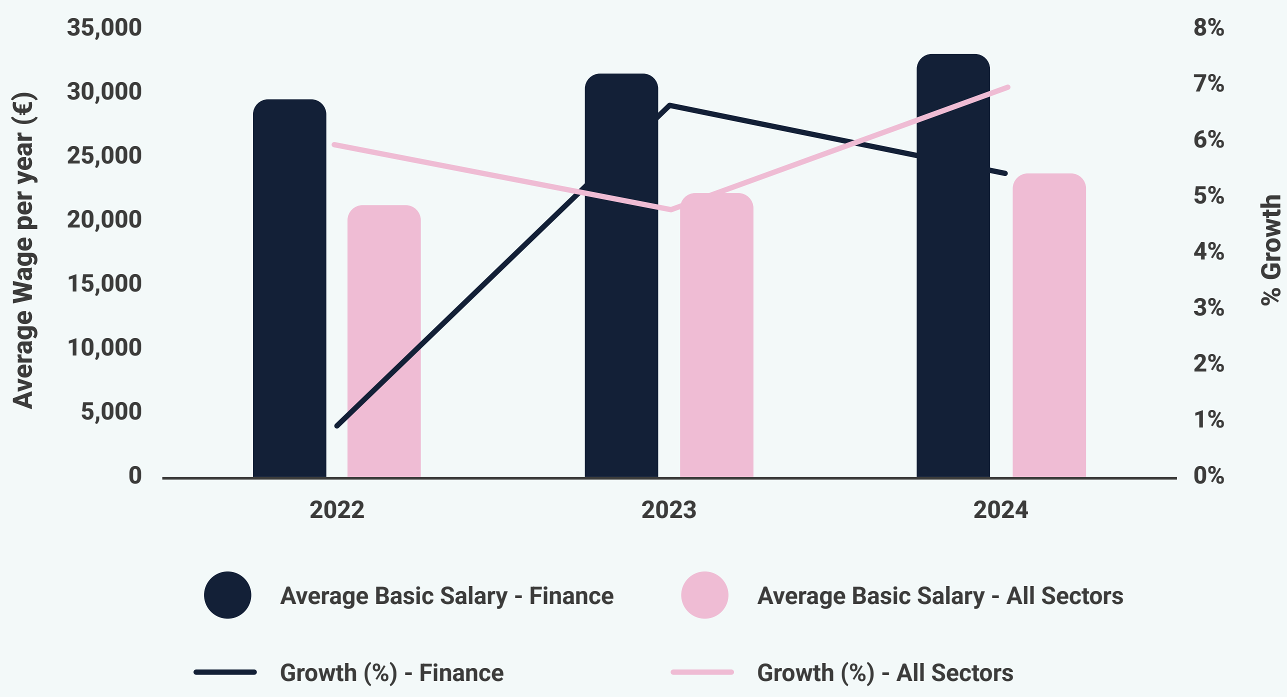
Employment and wages in the Financial sector

The relevance of the financial and insurance industry to Malta's economy is also evident in its contribution to employment. As of October 2024, workers employed in the industry make up 5.1% of Malta's gainfully employed population.

The financial sector's workforce has expanded by 21.6% since 2020, reaching 14,745 employees as of October 2024. This growth reflects increased employment in the sector, likely driven by business expansion, rising demand for financial services, and the entry of new market players.

"The financial sector's workforce grew by around 21.6% since 2020"

Average Annual Basic Wages



Source: National Statistics Office

Wages in the financial sector are generally higher than the national average in Malta. Between 2022 and 2024, the average wage for this sector was approximately €8,900 above the national average wage. Wages in the sector have been on the rise, reflecting ongoing growth and competitiveness.

Global Economic Environment

According to the International Monetary Fund (IMF), global economic growth is projected to decelerate to 2.8% in 2025, down from an estimated 3.3% in 2024, before recovering slightly to 3.0% in 2026. This reflects a weaker-than-anticipated outlook driven by heightened trade policy uncertainty, recent tariff escalations, and softening consumer sentiment. Growth prospects vary considerably across regions. The United States is projected to outperform the euro area, though its 2025 growth is revised down to 1.8% amid policy uncertainty and a slowdown in consumption. The euro area, meanwhile, is expected to grow by just 0.8% in 2025, with major economies like Germany and France facing subdued domestic demand and elevated energy costs.

Advanced economies, while still grappling with inflation above targets, are seeing rising real wages, which are expected to support modest consumption growth. However, trade tensions and geopolitical uncertainty are likely to weigh on investment and sentiment globally.

"World economy expected to grow by 3.3% in 2025"

Global inflation and conflicts

The IMF anticipates that global inflation will continue to decline, with consumer price inflation falling to 3.5% by 2026, down from its multidecade highs. While goods price inflation has eased, services inflation remains elevated. Progress on disinflation has stalled in some regions, and inflation has ticked up in others. Risks to the inflation outlook include the proliferation of protectionist trade policies, heightened geopolitical tensions, and ongoing stress in China's real estate sector. These factors may drive greater divergence in monetary policy responses across countries as central banks navigate complex inflation dynamics alongside limited policy space.

Economic recovery in Europe

The euro area economy is undergoing a cyclical rebound, yet overall growth remains sluggish. Domestic demand is subdued, and manufacturing activity continues to lag, particularly in Germany. Spain stands out with a stronger growth projection of 2.5% in 2025, aided by reconstruction spending and better-than-expected performance in 2024.

Across Europe, uneven performance persists, with consumer sentiment weak and energy costs remaining a drag on activity. Although a modest recovery in consumption is expected—bolstered by rising real wages—investment may pick up only gradually, as central banks ease rates cautiously amid inflationary pressures. The outlook remains fragile, and any new shocks could pose further risks to the region's recovery trajectory.

Legislative and Regulatory highlights for the year

The following provides a general update on key legislative developments and regulatory changes that took place in 2024. This overview highlights the most significant updates across different branches of the financial services industry.

Strengthening of prudential frameworks

In 2024, the European Banking Authority (EBA) has made advances in strengthening the prudential framework for credit institutions by:

1) **Enhancing transparency**

EBA published two final draft implementing technical standards (ITS)[2] to support CRR3 implementation:

- **Public Disclosures ITS (June 2024),** which ensures market participants can assess institutional risk profiles and CRR3[3] compliance

- **Supervisory Reporting ITS (July 2024),** which helps supervisors monitor CRR3 compliance and strengthen EU-wide supervisions

These standards implement Basel III reforms with new requirements covering various risk areas and improving data consistency and comparability.

2) **Reducing risk through higher accuracy**

EBA released its final draft which amends the Regulatory Technical Standards on the standardised approach for counterparty credit risk (SA-CCR).

Delays in implementation

The European Commission announced that the Force of the Market Risk (FRTB) framework[4] implementation will be delayed by one year, setting the new application date of 1 January 2026.

In response, EBA issued a no-action letter recommending supervisors to deprioritise enforcement of CRR3 provisions regarding banking/trading book boundaries and internal risk transfers.

2 Implementing Technical Standards (ITS) are detailed guidelines developed by the EBA to standardise the public disclosure of information by financial institutions

3 Capital Requirements Regulation 3 (CRR3) is a set of EU banking rules that updates capital and risk management requirements for financial institutions

4 The Fundamental Review of the Trading Book (FRTB) is a Basel III framework that aims to reform market risk capital requirements

DORA Introduced into Maltese Law

The Digital Operational Resilience Act (DORA), applicable as of 17 January 2025, aims to strengthen the EU's financial sector, by ensuring the sector's resilience towards cyber threats and ICT related disruptions. DORA has been introduced into Malta's legislation, specifying MFSA as the competent authority responsible for overseeing the implementation of this regulation and the Financial Services Tribunal as the forum for appeals.

Strengthening market data transparency

In 2024, the EU has issued new rules aimed at empowering investors by strengthening market data transparency and making easily accessible consolidated market data available at the EU level. These rules entered into force in March 2024, with a number of amendments to the Markets in Financial Instruments Directive II (MiFID II)[5] set to be transposed by September 2025.

The European Union will introduce 'consolidated tapes' to transform how market data is shared. Currently, trading information is fragmented across various platforms like stock exchanges and investment banks, making it challenging for investors to get a couple market view.

The new system will create centralised data feeds that aggregate trading information from all EU financial markets, publishing updates in near real-time. This means that both professional and retail investors will have immediate access to comprehensive trading data, including prices, volumes, and transaction timing across the entire EU market.

Improving the European payment market

In order to counter the limitations of the Payment Services Directive 2 (PSD2[6]) and the changes that have occurred in the banking industry since, the European Commission has introduced the Payment Services Directive 3 (PSD3[7]) and the Payment Services Regulation (PSR[8]) package. PSD3 and PSR are designed to promote innovation, competition and security in the European payments market. PSD3 deals with regulatory matters and the licensing of payment services, while the PSR focuses on specific applications and outlines the roles and obligations of stakeholders involved in providing these services across the EU.

These directives and regulations have been introduced to achieve several aims:

- To enhance customer protection
- For non-banks payment service providers to have access to all EU payment systems
- To continue to push for open banking
- To continue improving enforcement capabilities in EU member states
- To further smoothen the process to harmonisation

These new rules were proposed by the European Commission in 2023 and the Instant Payments regulation published in March 2024. Payment Service Providers located in EU member states which currently use the euro are required to offer users the service of receiving and sending instant credit transfers by January and October 2025, respectively.

Markets in Crypto-Assets Regulation (MiCA) comes into force

The European Regulation on Markets in Crypto-Assets (MiCA) is an EU framework aimed at regulating the crypto-asset market to ensure transparency, consumer protection, and financial stability. It sets clear rules for issuing crypto assets as well as services that are not currently covered by regulations on financial instruments and products.

The MiCA regulation entered into force in December 2024. The European Securities and Markets Authority (ESMA) has issued an extensive set of guidelines in order to guide users in observance with the regulation.

5 MiFID II is a European regulatory framework with requirements concerning investment firms and trading venues

6 PSD2 (Revised Payment Services Directive) is an EU regulation focusing on open banking and strengthening payment security

7 PSD3 (Third Payment Services Directive) is the upcoming update to PSD2 aimed at enhancing fraud prevention and updating payment regulations

8 PSR (Payment Services Regulation) is a proposed regulation complementing PSD3, focusing on harmonising rules across the EU

Sustainable finance

In November 2023, the European green bond standard regulation was published, with the aim of providing uniform requirements for the issuers of green bonds that want to use the titles, "European green bond" or "EuGB" for their environmentally sustainable bonds. European green bonds represent a significant advancement in sustainable finance, specifically designed to fund environmentally beneficial projects. The regulatory framework ensures these bonds align with the EU taxonomy[9] for sustainable activities, making them accessible to investors worldwide.

The regulation creates a standardised approach that benefits both sides of the market. For issuers, it provides a clear framework to demonstrate their commitment to genuine green projects, while for investors, it offers enhanced confidence through reduced greenwashing risks, ultimately directing more capital towards sustainable initiatives.
Key elements of the framework include:

1. A registration and supervision system for external bond reviewers
2. Voluntary disclosure requirements for other sustainable bonds in the EU
3. Mandatory alignment with EU taxonomy for sustainable activities

The framework marks a crucial step in implementing the EU's broader sustainable finance strategy, supporting the transition to a climate-neutral, resource-efficient economy while maintaining market integrity through standardised practices and robust oversight.

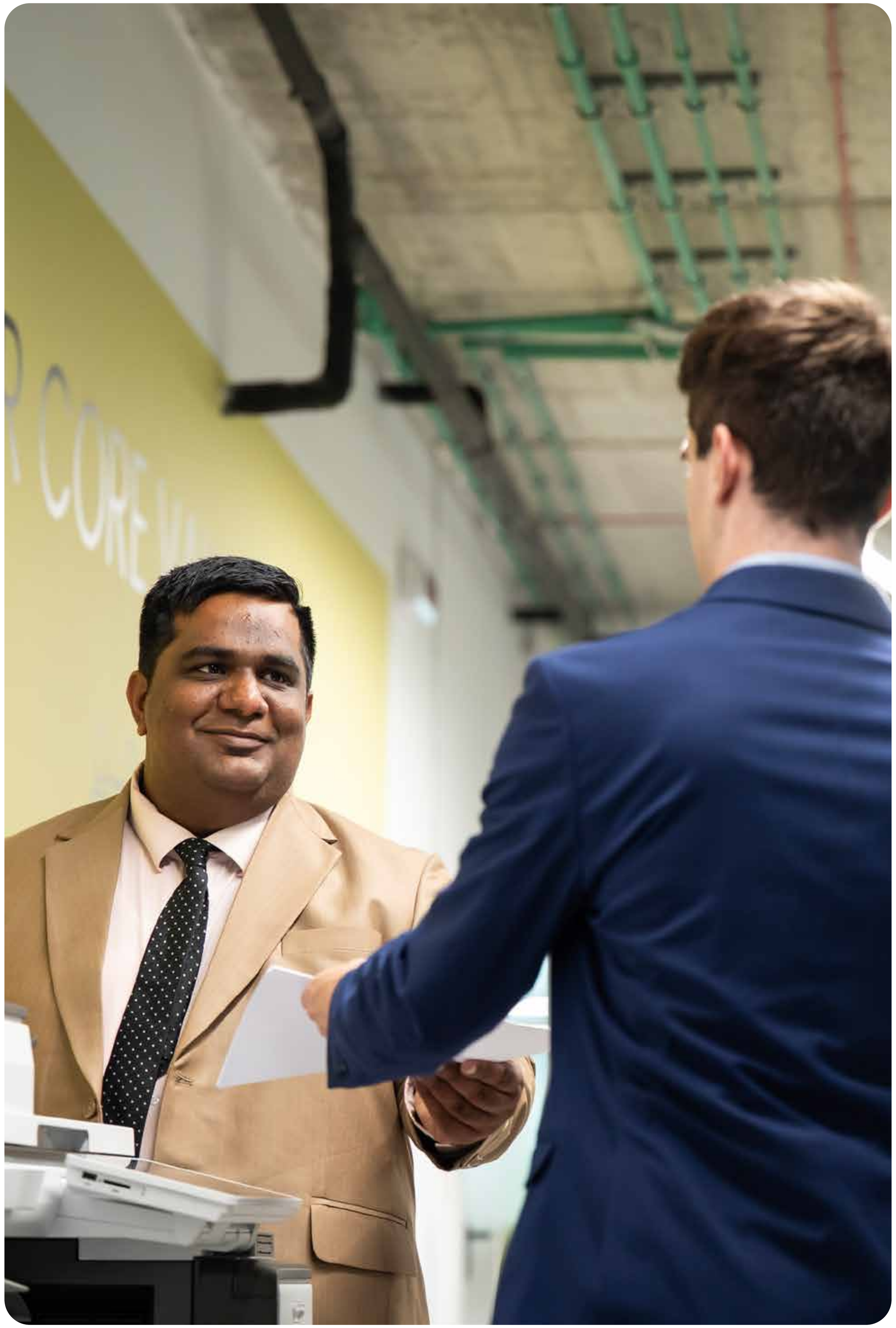
As from December 2024, the EU Green Bond Standard Regulation has been applicable.

Additionally, in a further push to improve sustainability in the European Financial market, earlier in 2024, the European Union formally published the Capital Requirements Regulation 3 (CRR3) and Capital Requirements Directive 6 (CRD6). This represents the complete implementation of Basel 3 reforms within the EU regulatory framework.

The latest EU banking package (CRR3/CRD6) modifies the existing Capital Requirements Regulation and Directive framework, introducing comprehensive provisions for EU banks regarding environmental, social and governance (ESG) risk management, reporting, disclosure and supervision. However, while these changes establish robust oversight mechanisms, they do not yet implement a direct capital requirement adjustment system that would either incentivise or penalise banks based on the ESG impact of their exposures.

The data provided in this chapter is valid as at 19 May 2024

9 The EU Taxonomy is a classification system that defines environmentally sustainable economic activities to guide investments towards the EU's climate and sustainability goals



Financial **Statements**

Board of Governors' Report

The Governors present their report and the audited financial statements for the year ended 31 December 2024.

Principal activities

The Malta Financial Services Authority (the 'MFSA' or 'the Authority') is the single regulator for financial services in Malta, which incorporates credit institutions, financial and electronic money institutions, securities and investment services companies, regulated markets, insurance companies, pension schemes, trustees, VFA agents and VFA service providers. The MFSA also acts as the Resolution Authority and is also responsible for the approval of prospectuses and admissibility to listing of securities on regulated markets in Malta. The Authority is a fully autonomous public institution and reports to Parliament on an annual basis. Prior to 30 April 2018, the MFSA also managed the Registry of Companies ('the Registry').

Review of the business

The Governors hereby report a deficit of €4,602,068 for the financial year 2024 (2023: surplus of €2,765,092). The Authority has recorded a further increase of €1,526,175 (10%) in income over 2023 (2023: an increase of 4% over 2022), mainly on Investment Services, Banking, and Financial Institution supervisory fees. During 2024, the intention of the Authority was to continue to invest in its human resources and capacity building, as well as in technology and business intelligence, all in line with the MFSA's long term Strategic Plan. The increase on such investments was that of a 31% over 2023. There was also an increase in professional services mainly on enforcement and compliance services, and other costs associated to travelling.

Throughout 2024, the MFSA delivered on its responsibilities by conducting more supervisory interactions and carrying out its enforcement work effectively. In line with its Strategic Statement launched in 2023, the Authority has continued to strengthen its outreach, mainly by organising industry briefings and conferences, actively promoting and enabling insight-sharing across the financial sector. It has also maintained regular engagement with the industry through several circulars and guidance notes, as well as with consumers and the media through the timely dissemination of notices, warnings, and educational campaigns with a strong focus on financial literacy. Complementing these initiatives, the MFSA continued to play a key role in the framing of national and EU-wide policies by actively contributing to meetings on legal, technical and regulatory developments with other supervisory bodies and competent authorities.

Results and surplus funds

The statement of comprehensive income is set out on page 108. During 2024 and 2023, no surplus funds for the financial year were payable to Government, in terms of the Malta Financial Services Authority Act, 1988.

Governors

The Governors of the Authority who held office during the year were:

Mr Jesmond Gatt, B.Sc (Hons) – Chairman

Mr Kenneth Farrugia, B.Accty (Hons), FIA, CPA (pc), MA (Business Ethics) – (Non-Voting)

Dr Anton Bartolo, LL.D.

Dr Carl Brincat, LL.D.

Mr Joseph Caruana, MBA (Executive), DPA, FIAB, MIM

Mr Mark Galea, BCom. Hons (Banking & Finance)

Prof. Edward Scicluna, BA (Hons) Econ, MA (Toronto), PhD (Toronto), DSS (Oxon) – (Terminated as per Government publication dated 26 July 2024)

Dr Stephanie Vella, BCom. (Hons) (Econ.) (Melit.), MA (Econ.) (Melit.), PhD (Melit.)

Prof. Philip von Brockdorff, BA (Hons) (Melit.), MSc. (Econ.) (Wales), DPhil. (York), Grad. CIPD (UK)

Statement of Governors' responsibilities

The following were appointed as members of the Board of Governors on 17 February 2023:

Mr Jesmond Gatt, B.Sc (Hons) – Chairman

Mr Kenneth Farrugia, B.Accty (Hons), FIA, CPA (pc), MA (Business Ethics) – Chief Executive Officer – (Non-Voting) Appointed on 12 April, 2023

Dr Anton Bartolo, LL.D.

Dr Carl Brincat, LL.D.

Mr Joseph Caruana, MBA (Executive), DPA, FIAB, MIM

Mr Mark Galea, BCom. Hons (Banking & Finance)

Prof. Edward Scicluna, BA (Hons) Econ, MA (Toronto), PhD (Toronto), DSS (Oxon) – (Terminated as per Government publication dated 26 July 2024)

Dr Stephanie Vella, BCom. (Hons) (Econ.) (Melit.), MA (Econ.) (Melit.), PhD (Melit.)

Prof. Philip von Brockdorff, BA (Hons) (Melit.), MSc. (Econ.) (Wales), DPhil. (York), Grad. CIPD (UK)

In preparing the financial statements the Governors are responsible for;

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU and the Malta Financial Services Authority Act, 1988;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation as a going concern.

The Governors are also responsible for designing, implementing and maintaining internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Malta Financial Services Act, 1988. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of the Authority for the year ended 31 December 2024 are included in the Annual Report 2024, which is being made available on the Authority's website. The Governors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Authority's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

On behalf of the Board

Mr Jesmond Gatt
Chairman

Mr Kenneth Farrugia
Chief Executive Officer

Malta Financial Services Authority,
Triq l-Imdina,
Zone 1, Central Business District,
Birkirkara CBD 1010
Malta

24 April 2025

Independent Auditors' Report

To the stakeholders of the Malta Financial Services Authority

Opinion

We have audited the financial statements of the Malta Financial Services Authority (the Authority) set out on pages 107 to 127, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Malta Financial Services Authority as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Malta Financial Services Authority Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Our report, including the opinions, has been prepared for and only for the Authority's stakeholders as a body in accordance with Public Administration Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Other Information

The Board members are responsible for the other information. The other information comprises the Board of Governors' statement report. Our opinion on the financial statements does not cover this information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In addition, in light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Governors' Report. We have nothing to report in this regard.

Responsibilities of the Board Members

The Board members are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Malta Financial Services Authority Act, and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority or the Government of Malta has plans to dissolve it or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but, is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members.

- Conclude on the appropriateness of the Board members' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

Malta

Report on Other Legal and Regulatory Requirements

We have responsibilities under the Companies Act (Cap.386) enacted in Malta to report to you if, in our opinion:

- The information given in the Board of Governors' Report is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of Governors' emoluments specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Bernard Charles Gauci (Partner)
for and on behalf of

CLA Malta
Certified Public Accountants
The Core
Valley Road
Msida MSD 9021
Malta
24 April 2025

Statement of financial position

	NOTES	As at 31 December 2024	2023
		€	€
ASSETS			
Non-current assets			
Property, plant and equipment	5	**18,103,784**	16,844,403
Right-of-use assets	11	**1,352,486**	1,018,679
Intangible assets	6	**709,654**	28,927
Financial assets at amortised cost	7	**1,113,199**	1,115,171
Total non-current assets		**21,279,123**	19,007,180
Current assets			
Trade and other receivables	8	**6,251,604**	2,616,334
Cash and cash equivalents	9	**10,402,542**	17,393,163
Total current assets		**16,654,146**	20,009,497
Total assets		**37,933,269**	39,016,677
EQUITY AND LIABILITIES			
Capital and reserves			
Capital fund	12	**1,164,687**	1,164,687
Revaluation reserve	13	**6,151,769**	6,151,769
Employee pension fund reserve	14	**1,450,001**	1,375,001
Reserve fund		**14,299,949**	18,977,017
Total equity		**23,066,406**	27,668,474
Non-current liabilities			
Lease liabilities	11	**622,206**	636,631
Current liabilities			
Trade and other payables	10	**13,795,218**	10,312,794
Lease liabilities	11	**449,439**	398,778
Total current liabilities		**14,244,657**	10,711,572
Total liabilities		**14,866,863**	11,348,203
Total equity and liabilities		**37,933,269**	39,016,677

The notes on pages 111 to 127 are an integral part of these financial statements.

The financial statements on pages 107 to 127 were approved by the Board of Governors and were authorised for issue on 24 April 2025. These were signed on its behalf by:

Mr Jesmond Gatt
Chairman

Mr Kenneth Farrugia
Chief Executive Officer

Statement of comprehensive income

	NOTES	Year ended 31 December 2024	2023
		€	€
Income	18	**16,184,264**	14,658,089
Government subvention	19	**17,700,262**	18,062,994
Operating expenses	15	**(40,682,768)**	(30,113,170)
Operating (deficit)/surplus for the year		**(6,798,242)**	2,607,913
Finance income	17	**178,701**	95,636
Other income	20	**2,017,473**	61,543
(Deficit)/Surplus for the year – total comprehensive income		**(4,602,068)**	2,765,092

The notes on pages 111 to 127 are an integral part of these financial statements.

Statement of changes in equity

		Capital fund	Revaluation reserve	Employee pension fund reserve	Reserve Fund	Total
	NOTE	€	€	€	€	€
Balance at 1 January 2023		**1,164,687**	**6,151,769**	**1,300,001**	**16,286,925**	**24,903,382**
Comprehensive income						
Appropriation from income statement		**-**	-	-	2,765,092	2,765,092
Transfer to pension fund reserve	14	**-**	-	75,000	(75,000)	-
Total comprehensive income for the year		**-**	-	75,000	2,690,092	2,765,092
As at 31 December 2023		**1,164,687**	**6,151,769**	**1,375,001**	**18,977,017**	**27,668,474**
Balance at 1 January 2024		**1,164,687**	**6,151,769**	**1,375,001**	**18,977,017**	**27,668,474**
Comprehensive income						
Appropriation from income statement		-	-	-	(4,602,068)	(4,602,068)
Transfer to pension fund reserve	14	-	-	75,000	(75,000)	-
Total comprehensive loss for the year		-	-	75,000	(4,677,068)	(4,602,068)
As at 31 December 2024		**1,164,687**	**6,151,769**	**1,450,001**	**14,299,949**	**23,066,406**

The notes on pages 111 to 127 are an integral part of these financial statements.

Statement of cash flows

	NOTES	Year ended 31 December 2024	2023
		€	€
Cash flows (used in)/generated from operating activities			
Cash (used in)/generated from operations	22	**(3,231,609)**	4,774,928
Net cash (used in)/generated from operating activities		**(3,231,609)**	4,774,928
Cash flows used in investing activities			
Purchase of property, plant and equipment	5	**(2,456,308)**	(460,557)
Purchase of intangible assets	6	**(773,999)**	(78,547)
Interest income from investing activities	17	**216,826**	119,718
Proceeds from sale of assets		**-**	4,455
Net cash used in investing activities		**(3,013,481)**	(414,931)
Cash flows used in financing activities			
Capital repayments of lease liabilities		**(719,295)**	(387,124)
Net cash used in financing activities		**(719,295)**	(387,124)
Net movement in cash and cash equivalents		**(6,964,385)**	3,972,873
Cash and cash equivalents at beginning of year		**17,393,163**	13,435,360
Expected credit losses movement		**(26,236)**	(15,070)
Cash and cash equivalents at end of year	9	**10,402,542**	17,393,163

The notes on pages 111 to 127 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Malta Financial Services Authority Act, 1988. They have been prepared under the historical cost convention as modified by the fair valuation of the land and buildings class of property. The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the Governors to exercise judgement in the process of applying the Authority's accounting policies (see Note 4 – Critical accounting estimates and judgements).

During 2024, the Authority reported a deficit of €4,602,068 and a net current asset position of €2,409,489 The Governors have taken cognisance of the overall performance and cash flow position of the Authority and to that effect, a system of pre-approval of the annual subvention as approved by the House of Representatives has been agreed and established. This will be based on annual and 5-year forecasts of revenues and expenditure. On this understanding, the Board of Governors have determined that there is a reasonable expectation that the Authority will have adequate resources to continue its operations for the foreseeable future. For this reason, these accounts have been prepared on a going concern basis.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro, which is the Authority's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains or losses are presented in the Statement of comprehensive income.

1.3 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings, comprising mainly the Authority's offices, are shown at fair value based on periodic valuation, less subsequent depreciation of buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss.

Items of property, plant and equipment comprise land and buildings, furniture, fixtures and fittings, and equipment, and are initially recognised at acquisition cost. Subsequently they are carried at acquisition cost less subsequent depreciation and impairment losses.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

	%
Land and buildings	1
Furniture, fixtures and fittings	20
Equipment	20

Buildings are depreciated over an estimated useful life of 75 years while improvements carried out on leased property are depreciated over the lease period, which is three years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in the income statement. When re-valued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.4 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of four years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

1.5 Financial assets

1.5.1 Classification

From 1 January 2018, the Authority classifies its financial assets in the following measurement categories;

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Authority's financial assets are classified at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held-for-trading, this will depend on whether the Authority has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Authority reclassifies debt instruments when, and only when, its business model for managing those assets changes.

1.5.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Authority commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all the risks and rewards of ownership.

1.5.3 Measurement

Subsequent measurement of debt instruments depends on the Authority's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Authority classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

From 1 January 2018, the Authority assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Authority applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables - see note 1.6 for further details.

1.5.4 Impairment of financial assets

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The measurement of expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Authority considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

From 1 January 2018, the Authority assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

1.6 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance.

The Authority makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Authority uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Trade receivables are assessed for impairment by the Authority on a collective basis as they have been grouped based on the days past due, possessing shared credit risk characteristics.

1.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1.8 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.9 Provisions

Provisions for legal claims are recognised when the Authority has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The Authority has chosen to account for a specific provision related to certain debtors, rather than establishing a general provision covering all debtors.

1.10 Revenue recognition

The Authority recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria for each of the Authority's activities have been met, as described below:

(i) Income from application fees is recognised upon receipt of the application.
(ii) Income from annual supervisory fees is recognised by reference to the stage of completion of the transaction, which equates to a systematic recognition of revenue as it accrues over time.
(iii) Interest income from investments is reported on an accrual basis using the effective interest method.

1.11 Leases

The Authority has changed its accounting policy for leases where the Authority is the lessee. The new policy is described below and the impact of the change is described in Note 2.

Accounting policy as from 1 January 2019

The Authority leases office spaces. Rental contracts are typically made for fixed periods ranging from two to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Authority.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities comprise the net present value of the fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Authority, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Authority where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease payments due within 12 months are classified as current, and if not, they are presented as non-current liabilities.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases of vehicles and land are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Accounting policy as at 31 December 2018

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Authority as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

1.12 Government subvention and EU grants

Grants from the Government, including national Government and EU, are recognised at their fair value, where there is a reasonable assurance that the grant will be received, and the Authority will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2. Application of new and revised International Financial Reporting Standards (IFRSs) and IFRS sustainability disclosure standards

2.1 New Standards adopted as at 1 January 2024

Some accounting pronouncements which have been effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Authority's financial results or position. Standards that have been applied for the first time in the current period are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made. However, whilst they do not affect these Financial Statements they will impact some entities. An entity should assess the impact of these new Standards on their financial statements based on their own facts and circumstances and make appropriate disclosures.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Authority

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Authority and no Interpretations have been issued that are applicable and need to be taken into consideration by the Authority at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Authority's financial statements.

Other Standards and amendments that are not yet effective and have not been adopted early by the Authority include:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. However, whilst they do not affect these Financial Statements, they will impact some entities. An entity should assess the anticipated impact of these new Standards and amendments on their financial statements based on their own facts and circumstances and make appropriate disclosures.

3. Financial risk management

3.1 Financial risk factors

The Authority's activities potentially expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Authority's risk management is coordinated by the Board of Governors and focuses on actively securing the Authority's short to medium term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Authority does not actively engage in trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks that the Authority is exposed to are described below.

(a) Market risk

In view that the investments in Malta Government Stocks (see Note 7) are accounted for at amortised cost, the Governors do not consider that the Authority is exposed to significant market risk.

(b) Credit risk

The Authority's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The Authority's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	NOTES	2024	2023
		€	€
Financial assets at amortised cost	7	**1,113,199**	1,115,171
Trade and other receivables	8	**1,078,149**	493,304
Cash and cash equivalents	9	**10,402,542**	17,393,163
		12,593,890	19,001,638

The Authority assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are affected to customers with an appropriate credit history. The Authority monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Authority's receivables, taking into account historical experience.

The Authority's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers. None of the Authority's financial assets are secured by collateral.

As at 31 December 2024, trade receivables of €473,030 (2023: €420,348) were impaired, and the amount of the provisions in this respect are equivalent to these amounts. Reversal of provisions for impairment arises in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Authority does not hold any collateral as security in respect of the impaired assets. Amounts are net of expected credit losses as outlined in Note 1.5. Expected credit losses for the year amount to € 102,857.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2024	2023
	€	€
Balance at beginning of year	**420,348**	475,972
Increase/(Decrease) in loss allowance on trade receivables	**52,682**	(55,624)
Balance at end of year	**473,030**	420,348

Credit risk in relation to cash and cash equivalents and held-to-maturity investments is considered to be limited, since the counterparts and issuer are reputable banks, and the Government of Malta, respectively.

(c) Liquidity risk

The Authority is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (Note 10). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Authority's obligations.

The Authority monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Authority's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments.

3.2 Capital risk management

The Authority's equity, as disclosed in the statement of financial position, constitutes its capital. The Authority's objectives when managing capital are to safeguard the respective entity's ability to continue as a going concern in order to provide returns and benefits for stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Authority's equity is maintained in line with the provisions set within the Malta Financial Services Authority Act, 1988.

In view of the nature of the Authority's activities and its financial position, the capital level as at the end of the reporting period is deemed adequate by the Governors.

3.3 Fair values of financial instruments

The following table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as Level 1 in view of the quoted prices (unadjusted) in active markets for identical assets or liabilities.

The following table presents the Authority's assets and liabilities that are measured at fair value at the respective dates:

	Level 1
	€
31 December 2024	
Financial assets at amortised cost	1,113,199
31 December 2023	
Financial assets at amortised cost	1,115,171

At 31 December 2024 and 2023 the carrying amounts of cash at bank, receivables, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Governors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

5. Property, plant and equipment

	Land and Buildings	Furniture, fixtures and fittings	Equipment	Total
	€	€	€	€
Year ended 31 December 2023				
Opening net book amount	**15,520,108**	**192,673**	**1,624,624**	**17,337,405**
Additions	877	85,073	374,607	460,557
Reclassification from AUC IT account	-	-	77,195	77,195
Disposals	-	-	(119,100)	(119,100)
Depreciation charge	(107,698)	(117,788)	(804,156)	(1,029,642)
Depreciation released on disposal	-	-	117,988	117,988
Closing net book amount	**15,413,287**	**159,958**	**1,271,158**	**16,844,403**
At 31 December 2023				
Cost or valuation	16,205,753	3,021,115	9,603,666	28,830,534
Accumulated depreciation	(792,466)	(2,861,157)	(8,332,508)	(11,986,131)
Net book amount	**15,413,287**	**159,958**	**1,271,158**	**16,844,403**
Year ended 31 December 2024				
Opening net book amount	**15,413,287**	**159,958**	**1,271,158**	**16,844,403**
Additions	17,049	277,409	2,161,850	2,456,308
Reclassification from AUC IT account	10,170	-	39,724	49,894
Depreciation charge	(115,486)	(117,490)	(1,013,845)	(1,246,821)
Closing net book amount	**15,325,020**	**319,877**	**2,458,887**	**18,103,784**
At 31 December 2024				
Cost or valuation	16,232,972	3,298,524	11,805,240	31,336,736
Accumulated depreciation	(907,952)	(2,978,647)	(9,346,353)	(13,232,952)
Net book amount	**15,325,020**	**319,877**	**2,458,887**	**18,103,784**

Fair value of land and buildings

The Authority's office building was revalued on 31 December 2022 by independent professionally qualified valuers. The valuation was conducted by DeMicoli & Associates (a firm of architects). The book value of the property was adjusted to the revaluation and the resultant surplus was credited to the revaluation reserve (refer to Note 13). The Board of Governors has reviewed the carrying amount of the property as at 31 December 2024 and no further adjustments to the carrying amount were deemed necessary as at that date taking cognisance of developments that occurred during the current financial year.

The Authority is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The recurring property fair value measurement at 31 December 2024 uses significant unobservable inputs and is accordingly categorised within Level 3 of the fair valuation hierarchy.

The Authority's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2024.

A reconciliation from the opening balance to the closing balance of non-financial assets for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above.

Valuation processes

The valuation of the property is performed regularly on the basis of valuation reports prepared by independent and qualified valuers. At the end of every reporting period, management assesses whether any significant changes in the major inputs have been experienced since the last external valuation. Management reports to the Board of Governors on the outcome of this assessment.

When an external valuation report is prepared, the information provided by the valuers – and the assumptions and the valuation models used by the valuers – are reviewed by the Chief Operations Officer (COO). This includes a review of fair value movements over the period. When the COO considers that the valuation report is appropriate, the valuation report is recommended to the Board of Governors. The Board of Governors considers the valuation report as part of its overall responsibilities.

Valuation techniques

The Level 3 fair valuation of the Authority's land and buildings was determined by using a comparative approach whereby the current selling prices and rental values of similar developments were compared in order to obtain an equitable rental value of the property. The significant unobservable inputs in the valuation include:

Equivalent rental values	based on the actual location, type and quality of property supported by current market rents for similar properties.
Capitalisation rates	based on actual location, size and quality of the property and taking into account market data at the valuation date.

Information about fair value measurements using significant unobservable inputs (level 3)

			Significant unobservable inputs	
Description	Fair value at 31 December 2024	Valuation technique	Equivalent rental value	Capitalisation Rate
	€		€	%
Office building	15.5m	Comparative and Investment method	0.96m	6.25

The higher the rental yield and the lower the capitalisation rate, the higher the fair value. Conversely, the lower the rental value and the higher the capitalisation rate, the lower the fair value.

Historical cost of land and buildings

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2024	2023
	€	€
Cost	10,836,135	10,808,916
Accumulated depreciation	(1,492,692)	(1,395,784)
Net book amount	9,343,443	9,413,132

6. Intangible assets

	Computer Software
	€
At 31 December 2023	
Cost	229,629
Accumulated depreciation	(200,702)
Net book amount	**28,927**
Year ended 31 December 2024	
Opening net book amount	28,927
Depreciation charge	(43,379)
Reclassifications to equipment	(49,893)
Additions	773,999
Closing net book amount	**709,654**
At 31 December 2024	
Cost	953,735
Accumulated depreciation	(244,081)
Net book amount	**709,654**

7. Financial assets at amortised cost

Financial assets include the following investments:

	2024	2023
	€	€
Non-current		
Financial assets at amortised cost	**1,113,199**	1,115,171
As at 31 December	**1,113,199**	1,115,171

The movements during the year in financial assets at amortised cost, which comprise Malta Government Stocks, were as follows:

	2024	2023
	€	€
Opening net book amount	**1,115,171**	1,117,138
Amortisation	**(1,972)**	(1,967)
Closing net book amount	**1,113,199**	1,115,171

8. Trade and other receivables

	2024	2023
	€	€
Current		
Trade receivables – gross	**1,178,667**	558,601
Less: Loss allowance on trade receivables	**(473,030)**	(420,348)
Trade receivables – net	**705,637**	138,253
Other receivables	**372,512**	355,051
Prepayments	**2,378,389**	1,910,351
Accrued income	**2,795,066**	212,679
	6,251,604	2,616,334

Trade receivables and prepayments are net of Expected credit losses as per note 1.5. Expected credit losses amount to €58,384 and €3,167 respectively.

9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2024	2023
	€	€
Cash in hand and cash at bank	**7,422,803**	2,897,490
Treasury Bills	**2,979,739**	14,495,673
	10,402,542	17,393,163

Cash and cash equivalents are net of Expected credit losses as per note 1.5. Expected credit losses amount to €41,306.

10. Trade and other payables

	2024	2023
	€	€
Current		
Trade and other payables	**3,723,344**	1,982,756
Indirect taxation	**699,539**	461,340
Accruals	**4,651,127**	2,700,395
Deferred government subvention	**3,057,743**	3,472,415
Deferred income	**1,663,465**	1,695,888
	13,795,218	10,312,794

11. Lease liabilities

This note provides information on leases where the Authority is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2024	2023
	€	€
Right-of-use assets		
Vehicles	**118,370**	117,434
Offices	**1,234,116**	901,245
	1,352,486	1,018,679
Lease liabilities		
Current	**449,439**	398,778
Non-current	**622,206**	636,631
	1,071,645	1,035,409

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(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2024	2023
	€	€
Depreciation charge of right-of-use assets		
Vehicles	**32,189**	14,863
Offices	**373,844**	346,241
	406,033	361,104
Interest expense (included in finance cost note 17)	**38,753**	22,115

12. Capital fund

The capital fund of €1,164,687 represents the initial contribution by the Government to the Authority in 1989 upon its establishment.

13. Revaluation reserve

	2024	2023
	€	€
As at 31 December	**6,151,769**	6,151,769

The revaluation reserve is not distributable and represents the accumulated fair value movements on the Authority's land and buildings.

During 2022, the office building was revalued to Euro 15.5m by independent professional qualified valuers (note 5). The book value of the property was adjusted to the revaluation and the resultant surplus was credited to the revaluation reserve.

14. Employee pension fund

	2024	2023
	€	€
Balance as at 1 January	**1,375,001**	1,300,001
Transfer for the year	**75,000**	75,000
As at 31 December	**1,450,001**	1,375,001

The employee pension fund reserve has been created to set aside reserves to prepare for the potential employee pension fund that may be set up for the benefit of the employees at the opportune time.

15. Expenses by nature

	2024	2023
	€	€
Depreciation of property, plant and equipment (Note 5)	**1,246,821**	1,029,642
Depreciation of intangible assets (Note 6)	**43,379**	24,586
Depreciation of right-of-use assets (Note 11)	**406,033**	361,104
Employee costs (Note 16)	**29,044,430**	21,509,037
Professional fees	**630,471**	666,447
Regulatory support fees	**17,895**	51,490
Enforcement and compliance fees	**318,959**	124,697
Decrease on loss allowance on trade receivables	**52,683**	(55,624)
Bad debts	**40,691**	178
Communications and events	**217,236**	81,027
Governors' emoluments	**113,870**	113,388
IT professional services	**699,311**	694,021
Licences and maintenance	**2,171,320**	1,853,186
Other administrative expenses	**5,304,207**	3,608,908
Expected credit losses	**51,774**	51,083
Provision for litigation	**323,688**	-
Total operating expenses	**40,682,768**	30,113,170

Auditor's fees
Fees charged by the auditor for the statutory audit amount to € 15,000 (2023: €15,000).

16. Employee costs

	2024	2023
	€	€
Wages and salaries	**26,073,980**	18,904,974
Social security costs	**1,316,820**	1,113,330
Other staff costs	**1,653,630**	1,490,733
	29,044,430	21,509,037

Average number of persons employed by the Authority during the year:

	2024	2023
Professionals	**484**	415
Administration	**74**	57
	558	472

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17. Finance income

	2024	2023
	€	€
Interest income from Government Stocks	**56,859**	56,141
Interest charges for lease liabilities	**(38,753)**	(22,115)
Amortisation of MGS premium	**(1,972)**	(1,967)
Interest income from treasury bills	**159,967**	63,577
Interest on late payment	**2,600**	-
	178,701	95,636

18. Income

	2024	2023
	€	€
Applications	**958,125**	662,950
Investment services supervision	**3,879,393**	3,493,353
Insurance and pensions supervision	**2,671,270**	2,708,765
Trustees and CSPs supervision	**646,230**	606,947
Banking supervision	**5,018,173**	4,623,187
Capital markets supervision	**699,548**	637,267
Fintech supervision	**936,342**	845,343
Financial institutions supervision	**1,375,183**	1,080,277
Total income	**16,184,264**	14,658,089

19. Government subvention

The government subvention represents a contribution by Government towards the Authority to ensure that it has adequate resources to continue its operations and meet its obligations as the single regulator for financial services in Malta.

20. Other income

	2024	2023
	€	€
EU grants designated for specific due diligence purposes	**9,804**	6,536
Disposal of assets	**-**	4,455
Other income – Government Subvention	**1,974,671**	-
Other income	**32,998**	50,552
	2,017,473	61,543

EU funds designated for specific due diligence purposes amounting to €9,804 at 31 December 2024 (2023: €6,536) are amortised to profit or loss over the term of the service concession.

21. Tax expense

Section 30 of the Malta Financial Services Authority Act, Cap 330, exempts the Authority from any liability to pay income taxes.

22. Cash generated from operations

Reconciliation of operating surplus generated from operations:

	2024	2023
	€	€
Operating (Deficit)/Surplus for the year	**(4,602,068)**	2,765,092
Adjustments for:		
Depreciation of property, plant and equipment (Note 5)	**1,246,821**	1,029,642
Depreciation of intangible assets (Note 6)	**43,379**	24,586
Depreciation of right-of-use assets (Note 11)	**406,033**	361,104
(Profit)/Loss on sale of property, plant and equipment	**-**	(3,343)
Amortisation of investment (Note 7)	**1,972**	1,967
Increase/(Decrease) in loss allowance on trade receivables (Note 8)	**52,682**	(55,624)
Interest on right-of-use (Note 17)	**38,753**	22,115
Interest income (Note 17)	**(216,826)**	(119,718)
Modification to lease	**(23,064)**	-
Expected credit losses	**51,774**	51,083
Changes in working capital:		
Movement in trade receivables	**(3,713,492)**	155,439
Movement in trade payables	**3,482,427**	542,585
Cash (used in)/generated from operations	**(3,231,609)**	4,774,928

23. Commitments

	2024	2023
	€	€
CAPITAL EXPENDITURE		
Capital expenditure that has been contracted for but not yet accounted for in the Financial Statements	**305,958**	142,528
Capital expenditure that has been authorised by the Board of Governors but has not yet been contracted for	**5,565,157**	4,172,501

24. Contingencies

The Authority has not provided for claims instituted against it by a number of persons on the basis that the proceedings are still at an early stage and the potential financial impact and probable outcome of these claims has as yet not been quantified.

25. Statutory information

The Malta Financial Services Authority is the single regulator for financial services in Malta enacted by virtue of the Malta Financial Services Act, 1988 and reports to the Maltese Parliament.

On 20 March 2018, by virtue of Act No. VI of 2018, Articles 2(2) and 6, it had been established that the Registry of Companies shall no longer form part of the Malta Financial Services Authority.

Appendices

Appendix 1: Financial Services Legislation published in 2024

Primary Legislation

1. Virtual Financial Assets (Amendment) Act, 2024
   - Enacted through Act XIV of 2024, on 16 April 2024

2. Credit Servicers and Credit Purchasers Act, 2024
   - Enacted through Act XXXII of 2024, on 30 July 2024

3. Markets in Crypto-Assets Act, 2024
   - Enacted through Act XXXVI of 2024, on 5 November 2024

Secondary Legislation

1. Financial Markets Act (Covered Bonds) (Amendment) Regulations, 2024
   - Published as Legal Notice 13 of 2024 on 26 January 2024

2. Credit Institutions and Financial Institutions (Payment Accounts) (Amendment) Regulations, 2024
   - Published as Legal Notice 33 of 2024 on 23 February 2024

3. Regulated Markets and Market Operators (Authorisation Requirements) (Amendment) Regulations, 2024
   - Published as Legal Notice 60 of 2024 on 8 February 2024

4. Recovery and Resolution (Amendment) Regulations, 2024
   - Published as Legal Notice 129 of 2024 on 4 June 2024

5. Virtual Financial Assets (Amendment) Regulations, 2024
   - Published as Legal Notice 134 of 2024 on 14 June 2024

6. Malta Financial Services Authority Act (Digital Operational Resilience Act (DORA)) Regulations, 2024
   - Published as Legal Notice 166 of 2024 on 16 July 2024

7. Credit Servicers and Credit Purchasers Act (Passporting) Regulations, 2024
   - Published as Legal Notice 172 of 2024 on 30 July 2024

8. Credit Servicers and Credit Purchasers Act (Passporting) Regulations, 2024
   - Published as Legal Notice 173 of 2024 on 30 July 2024

9. Regulated Markets and Market Operators (Authorisation Requirements) (Amendment No. 2) Regulations, 2024
   - Published as Legal Notice 249 of 2024 on 4 October 2024

10. Algorithmic Trading (Amendment) Regulations, 2024
    - Published as Legal Notice 250 of 2024 on 4 October 2024

11. CRD (Administrative Penalties, Measures and Investigatory Powers) (Amendment) Regulations, 2024
    - Published as Legal Notice 251 of 2024 on 4 October 2024

12. Investment Services Act (Supervisory Review) (Amendment) Regulations, 2024
    - Published as Legal Notice 252 of 2024 on 4 October 2024

13. Banking Act (Supervisory Review) (Amendment) Regulations, 2024
    - Published as Legal Notice 253 of 2024 on 4 October 2024

14. Administrative Penalties, Measures and Investigatory Powers (Amendment) Regulations, 2024
    - Published as Legal Notice 254 of 2024 on 4 October 2024

15. Data Reporting Services (Amendment) Regulations, 2024
    - Published as Legal Notice 255 of 2024 on 4 October 2024

16. Markets in Crypto-Assets Act (Fees) Regulations, 2024
    - Published as Legal Notice 295 of 2024 on 5 November 2024

17. Virtual Financial Assets (Amendment No. 2) Regulations, 2024
    - Published as Legal Notice 296 of 2024 on 5 November 2024

18. Recovery and Resolution (Amendment No. 2) Regulations, 2024
    - Published as Legal Notice 302 of 2024 on 15 November 2024

19. Recovery and Resolution (Amendment No. 3) Regulations, 2024
    - Published as Legal Notice 303 of 2024 on 15 November 2024

20. Insurance Business (Reorganisation and Winding up of Insurance Undertakings) (Amendment) Regulations, 2024
    - Published as Legal Notice 317 of 2024 on 22 November 2024

21. Insurance Business (Protection and Compensation Fund) Regulations, 2024
    - Published as Legal Notice 318 of 2024 on 22 November 2024

22. Declaration of Bank Holidays Order, 2024
    - Published as Legal Notice 359 of 2024 on 24 December 2024

23. Credit Institutions (Fees) (Amendment) Regulations, 2024
    - Published as Legal Notice 364 of 2024 on 24 December 2024

24. European Passport Rights for Credit Institutions (Amendment) Regulations, 2024
    - Published as Legal Notice 365 of 2024 on 24 December 2024

25. Financial Institutions (Fees) (Amendment) Regulations, 2024
    - Published as Legal Notice 366 of 2024 on 24 December 2024

26. Financial Markets (Fees) Regulations, 2024
    - Published as Legal Notice 367 of 2024 on 24 December 2024

27. Insurance Business Act (Fees) Regulations, 2024
    - Published as Legal Notice 368 of 2024 on 24 December 2024

28. Insurance Distribution Act (Fees) Regulations, 2024
    - Published as Legal Notice 369 of 2024 on 24 December 2024

29. Investment Services Act (Fees) Regulations, 2024
    - Published as Legal Notice 370 of 2024 on 24 December 2024

30. Retirement Pensions Act (Fees) Regulations, 2024
    - Published as Legal Notice 371 of 2024 on 24 December 2024

31. Trusts and Trustees Act (Fees) (Amendment) Regulations, 2024
    - Published as Legal Notice 372 of 2024 on 24 December 2024

Ancillary legislation – competence shared with other entities

1. Companies Act (Cell Companies Carrying on Business of Insurance (Amendment) Regulations, 2024
   - Published as Legal Notice 201 of 2024 on 30 August 2024

Appendix 2: Rules Issued or Amended in 2024

Banking

Banking Rule BR/07 on Publication of Annual Report and Financial Statements - Amended

The amendment to the Rule, published in May 2024, consisted of an overall streamlining of the text to ensure that all requirements and references to EU and local legislation are relevant and up-to-date. In addition, some sections have been removed as these are no longer applicable or are now covered by the direct applicability of the Capital Requirements Regulation, technical standards or implementing regulations.

MFSA Circular dated 27 May 2024.

Banking Rule BR/18 on the 'Risk-Based Method' and the 'Compensation Contribution Method' under the Depositor Compensation Scheme Regulations - Amended

The Rule has been amended to reflect the revisions to the EBA Guidelines on methods for calculating contributions deposit guarantee schemes under the Deposit Guarantee Scheme Directive (EBA/GL/2023/02). The amendment mainly consists of the introduction of the NSFR as a risk indicator as well as other adjustments impacting the calculation of contributions.

MFSA Circular dated 3 June 2024.

Banking Rule BR/20 on Recovery Plans – Amended

Banking Rule BR/20 has been amended to implement the EBA Guidelines on Overall Recovery Capacity for credit institutions (EBA/GL/2023/06). The objective of the EBA Guidelines, and their implementation into the local framework is to achieve a harmonised approach for the determination and assessment of the Overall Recovery Capacity.

MFSA Circular dated 7 October 2024.

Banking Rule BR/24 on Internal Governance – Amended

The Rule has been amended to introduce new reporting requirements for credit institutions, brought about by the EBA Guidelines on the benchmarking of diversity practices including diversity policy and gender pay gap (EBA/GL/2023/08). This amendment aims to achieve further transparency and is expected to improve the quality of data available to the Authority and the EBA. In addition, this Rule has also been amended in December 2024 to transpose and implement the DORA Amending Directive.

MFSA Circular dated 7 October 2024.

MFSA Circular dated 4 December 2024.

Credit Servicers Rule CSR/01 on Application Procedures and Requirements for Authorisation of Credit Servicers – New

Following the publication of the Credit Servicers and Credit Purchasers Act and other legal instruments transposing and implementing the NPL Directive into local legislation, the Authority has published this Rule which complements the overall framework by establishing detailed authorisation requirements and processes for prospective applicants of a credit servicer licence. The Rule also implements the EBA Guideline on the assessment of adequate knowledge and expertise of the management or administrative organ of credit servicers (EBA/GL/2023/09).

MFSA Circular dated 1 August 2024.

Capital Markets

Chapter 13 of the Capital Markets Rules – New

The MFSA announced the publication of a new chapter to the Capital Markets Rules, being Chapter 13 titled Gender Balance among directors of listed companies. The objective of this new chapter is to outline new requirements, applicable to large equity issuers having their registered office in Malta. Specifically impacted issuers are required to reach a more balanced representation of women and men among the directors of listed companies by establishing effective measures that aim to accelerate progress towards gender balance. These new rules become effective from 28 December 2024.

MFSA Circular dated 9 December 2024

Financial Market Rules

R7-4.1 - New

On 15 January 2024 a new heading was added to Section 4 of Part VII of the Financial Market Rules. Through the amendments, the MFSA introduced new rule requiring entities to comply with the ESMA Guidelines for reporting under EMIR (ESMA74-362-2281).

R7-4.2 – New

On 28 February 2024 the MFSA updated Section 4 of Part VII. Through the amendments, the MFSA introduced a new rule requiring entities to comply with the ESMA Guidelines on transfer of data between Trade Repositories under EMIR and SFTR (ESMA74-362-2351).

R9-2.1 – New

On 28 February 2024 the MFSA updated Section 2 of Part IX. Through the amendments, the MFSA introduced a new rule requiring entities to comply with the ESMA Guidelines on transfer of data between Trade Repositories under EMIR and SFTR (ESMA74-362-2351).

Part X - New

On 3 December 2024 Introduced Part X in relation to Securitisation. Through these amendments, the MFSA included new Rules regarding the applicability of this section and the guidelines under the Securitisation Regulation which market participants entering into securitisation transactions are required to comply with.

Prevention of Financial Market Abuse Rules

R3-3.3 – New

This new rule has been included following the coming into force of the Listing Act Regulation (Regulation 2024/2809). The Listing Act Regulation sought to inter alia raise the threshold for reporting and related disclosures by Persons Discharging Managerial Responsibilities (PDMRs) from EUR 5 000 to EUR 20 000. At the same time competent authorities are given flexibility to increase that threshold to EUR 50 000 or to decrease it to EUR 10 000, where justified in light of national market conditions. On 4 December 2024, the MFSA issued a circular informing the industry that it has opted to make use of the discretion afforded to it by Article 19(9) of the Market Abuse Regulation ('MAR'), as amended by the Listing Act Regulation, decreasing hence the threshold for PDMR notifications to EUR 10,000. For the sake of clarity, Article 19(1) of MAR shall therefore apply to any subsequent transaction once a total amount of EUR 10,000 has been reached within a calendar year. The threshold of EUR 10,000 shall be calculated by adding without netting all transactions referred to in paragraph 1 of Article 1 of MAR.

MFSA Circular dated 4 December 2024.

Conduct Supervision

Conduct of Business Rules on Credit Servicing and Borrower Protection - New

As outlined in the **MFSA Circular of the 1 August 2023**, one of the main objectives of Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU (the 'NPL Directive') is to lay down safeguards for the transfer of non-performing loans by credit institutions to credit purchasers, whilst at the same time safeguarding the borrower's rights. Therefore, certain provisions of the NPL Directive, which lay down specific conduct-related requirements, were transposed and implemented by means of new Conduct of Business Rules on Credit Servicing and Borrower Protection which were issued under the new Credit Servicers and Credit Purchasers Act published by virtue of Act No. XXXII of 2024.

Conduct of Business Rulebook – Amended

Further to the implementation of the new Article 39a in MIFIR introduced by Regulation (EU) 2024/791), new Rules and Guidance were inserted in the current Conduct of Business Rules Rulebook to specifically emphasise the implementation of the new Article 39a(1) of MiFIR relating to the prohibition of receiving payments for order flows ("PFOF"). Although the contents of the above EU regulation are directly applicable, for the purposes of completeness and better visibility the Authority has carried out the necessary amendments to the Conduct of Business Rulebook. It was also clarified in the Rulebook that the said prohibition became applicable as from 28 March 2024 (the date of entry into force of Regulation (EU) 2024/791).

Further amendments to the Conduct of Business Rulebook have also been carried out to transpose Article 1(4) of Directive (EU) 2024/790 of the European Parliament and of the Council of 28 February 2024 amending Directive 2014/65/EU on markets in financial instruments (the "MiFID II Amending Directive"). The MiFID Amending Directive introduces changes to Article 27 of MiFID II which primarily include the removal of the obligation to annually publish information on the identity of the top five (5) execution venues where they execute client orders in the preceding year and on the quality of execution which investment firms have actually achieved.

A number of other amendments have been carried out to: (a) reflect a better transposition of the MIFID requirements relating to the criteria to be met by an investor to be considered to be an elective professional investor; and (b) update Rule 4.1.25 (b) to reflect the amended periodic submission of the Financial Instruments Survey pursuant to the MFSA Circular of the 4th December 2024.

Dear CEO letter dated 10 December 2024

FinTech

Virtual Financial Assets Rulebook Chapter 2 – Amended

The changes included the removal of any reference to the VFA Agent from Chapter 2, the removal of the Systems Audit requirement, and the addition of a requirement to include information on the outcome of any technology audits undertaken on the Issuer's infrastructure, where such audits have been undertaken.

Virtual Financial Assets Rulebook Chapter 3 – Amended

The amendments were intended to reduce VFA requirements where these go over and above MiCA. The amendments included the retention of VFA requirements where further Level 2 requirements are envisioned by MiCA, and introduce Level 1 MiCA requirements which were not previously featured in Chapter 3.

Chapter 3 of the Financial Institutions Rulebook FIR/03 – Amended

The revised Rulebook, which sets out ongoing requirements applicable to issuers of electronic money, was amended in order to inter alia ensure that there are distinct frameworks for payment & e-money services and other services of financial institutions and to promote a strong compliance culture amongst Financial Institutions.

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Insurance and Pensions Supervision

Chapters 4, 5, 8, 12 of the Insurance Rules and Chapters 1, 4, 6, 7 of the Insurance Distribution Rules - Amended

On 7 December 2023, the MFSA issued a **Consultation Document on the Proposed Amendments to the Insurance Rules and the Insurance Distribution Rules** (MFSA Ref: 11-2023) proposing a number of amendments to different Chapters of the Insurance Rules and the Insurance Distribution Rules. Following the lapse of the consultation period on the 12 January 2024 and internal discussions held on the feedback received, on the 28 of February 2024, the MFSA issued the final amendments.

MFSA Circular dated 28 February 2024.

Pension Rules for Occupational Retirement Schemes, Pension Rules for Personal Retirement Schemes, Pension Rules for Retirement Funds, Pension Rules for Service Providers – Amended

Following the Consultation Document entitled a **Consultation Document on the Proposed Amendments to the Pension Rules** (MFSA Ref: 10-2023) issued by the MFSA on 7 December 2023, the MFSA amended the Glossary to the Pension Rules, the Pension Rules for Occupational Retirement Schemes, and Appendix 15 of the said Rules, Pension Rules for Personal Retirement Schemes, and Appendix 10 of the said Rules, Pension Rules for Retirement Funds, Pension Rules for Service Providers, and Appendix 1 of the said Rules. The aim of the amendments was to address findings resulting from regulatory work as well as other findings which came from the market whilst carrying out their operations. Following internal discussions held on the feedback received, on the 11 March 2024, the MFSA issued the amended Pension Rules and Appendices and issued a **Feedback Statement**.

MFSA Circular dated 11 March 2024.

Chapters 1 and 4 of the Insurance Distribution Rules – Amended

On the 20 March 2024, the Commission Delegated Regulation (EU) 2024/896 of the 5 December 2023 amending Directive (EU) 2016/97 was issued. The aim of this Delegated Regulation is to review the base amounts for professional indemnity insurance and financial capacity of insurance, reinsurance and ancillary insurance intermediaries to take into account the changes to the European index of consumer prices as published by Eurostat. In this respect, the MFSA amended Chapters 1 and 4 of the Insurance Distribution Act.

MFSA Circular dated 27 March 2024.

Companies Act (Cell Companies Carrying on Business of Insurance) Regulations– Amended

On 13 September 2023, a Consultation Document was issued on the government portal entitled **Amendments to the Companies Act (Cell Companies Carrying on Business of Insurance) Regulations**. The Regulation was amended to include a transitional period for non-recourse agreements. Furthermore, the Regulation was also amended to create a structured procedure to be adopted by cell companies conducting transfers of their cells, and to capture not only the liquidation of a cell but the full process of ceasing, run-off or servicing and the final winding up of the said cell. Following extensive feedback received from the market, the MFSA reviewed the said feedback and on the 28 March 2024 published a **Feedback Statement** to the market. On the 30 August 2024 the Amended Regulation was published on the Government Gazette.

Chapter 17 of the Insurance Rules – New

On 13 September 2023, the MFSA issued a Consultation Document on **new Chapter 17 to the Insurance Rules**. The main aim of the new Chapter was to create a more comprehensive framework on the manner in which a cell of a cell company can be transferred, wound up and cease to operate. Following feedback received from the market, the MFSA reviewed the said feedback and on the 28 March 2024 published the new **Chapter** and a **Feedback Statement** to the market.

Insurance Business Act (Amended)

On the 2nd of December 2021, Directive (EU) 2021/2118 amending Directive 2009/103/EC, also referred to as the Motor Insurance Directive was published in the Official Journal. The Amending Directive included new provisions to ensure an effective and efficient protection of parties injured as a result of traffic accidents, which would require injured parties entitled to claim compensation in their Member State of residence and to receive a response within a reasonable period of time. The said Directive required amendments to the Insurance Business Act. By means of these amendments, the power to establish a Protection and Compensation Fund has been extended to include a new requirement that insurance undertakings carrying on motor vehicle liability insurance from Malta are also required to contribute to the Fund. In this respect, Bill 100 amended Articles 49, 50 and 51 of the Insurance Business Act. Bill 100 which is now **Act 32 of 2024** and which amends the Insurance Business Act was issued on the 30 July 2024 on the Government Gazette.

Insurance Business (Protection and Compensation Fund) Regulations, 2024 – Reissued (New)

On the 2 of December 2021, Directive (EU) 2021/2118 amending Directive 2009/103/EC, also referred to as the Motor Insurance Directive was published in the Official Journal. The said Directive required numerous amendments to the Protection and Compensation Fund Regulations. As a result, a decision was taken to re-issue the Regulations. The aim of these amendments was to transpose in particular, Articles 10a and 25a of the Motor Insurance Directive (Directive 2021/2118). The new **Regulations** were issued on the 22 of November 2024 on the Government Gazette.

Insurance Business (Reorganisation and Winding up of Insurance Undertaking) (Amendment) Regulations, 2024 - Amended

On the 2 of December 2021, Directive (EU) 2021/2118 amending Directive 2009/103/EC, also referred to as the Motor Insurance Directive was published in the Official Journal. As a risk mitigation measure, the Insurance Business (Reorganisation and Winding up of Insurance Undertaking) Regulations, were amended to ensure that motor insurance claims rank before any other insurance claim. The **Amending Regulations** were published on the 22 of November 2024 on the Government Gazette.

Investment Services

Various Amendments to the Investment Services Rulebooks – New and Amended

The below amendments are captured in a circular released by the MFSA on 5 February 2024 and the purpose of such **circular** is to communicate a number of amendments made to the MFSA's Investment Services Rulebooks.

Amendments to Part A: AIFs, PIFs, RCISs and Amendments to MiFID Part BI.

- The amendments involved changes to the process of surrendering Collective Investment Scheme licences for AIFs, PIFs, and RCISs. The key modification replaced the requirement for a shareholder's resolution with a resolution from the governing body of the Scheme. This resolution confirmed that shareholder consent for licence surrender has been obtained. Moreover, Licence Holders must obtain MFSA approval before entering, amending, or terminating agreements related to own funds calculations, supported by an Auditor's declaration and a draft SLA submission, to ensure compliance with CRR criteria.

Amendments to UCITS Part BII, AIFMs Part BIII, Depositaries Part BIV, Part CIV

- Amendments to UCITS Part BII, AIFMs Part BIII, and Depositaries Part BIV all relate to Subordinated Loan Agreements. Moreover, Part CIV, which transposes Article 37 of AIFMD regarding third-country passports, remains inactive. Its introductory note has therefore been clarified to state that it will enter into force upon an MFSA communication on the matter.

Deletion of Subordinated Loan agreement Specimens and Deletion of Various Appendices

- The Subordinated Loan Agreement specimen has been removed from the website. Additionally, six obsolete Appendices have been deleted, including those related to disclosure requirements, penalties, insurance covers, record keeping, transaction reporting, and risk management for Investment Services Licence Holders.

Amendments to the Investment Services Rulebooks in relation to the MMF Regulation

- ESMA published updated Guidelines on stress test scenarios for MMFs on December 19, 2023. These apply to competent authorities, MMFs, and MMF managers as defined in EU Regulation 2017/1131. To implement these revised Guidelines, several Rulebooks (UCITS Part BII, AIFMs Part BIII, AIFs Part B, UCITS Part B) were amended.

a) Amendments to the Investment Services Rules for Alternative Investment Funds, Part A – The Application Process ("Part A AIFs");
b) Amendments to the Investment Services Rules for Professional Investor Funds, Part A – The Application Process ("Part A PIFs");
c) Amendments to the Investment Services Rules for Retail Collective Investment Schemes, Part A – The Application Process ("Part A RCISs");
d) Amendments to the Investment Services Rules for Investment Services Providers, Part BI: Rules applicable to Investment Services Licence Holders which qualify as MiFID Firms ('MiFID Part BI');
e) Amendments to the Investment Services Rules for Investment Services Providers, Part BII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS Management Companies ("UCITS Part BII");
f) Amendments to the Investment Services Rules for Investment Services Providers, Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMs ("AIFMs Part BIII");
g) Amendments to the Investment Services Rules for Investment Services Providers, Part BIV: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as Depositaries ("Depositaries Part BIV");
h) Amendments to the Part CIV: Rules for Third country AIFMs providing services in Malta ("Part CIV");
i) Deletion from the website of the specimen Subordinated Loan Agreement;
j) Deletion from the website of various Appendices;
k) Amendments to three Appendices to fix cross-references and update some terminology;
l) Amendments to Investment Services Rules for Alternative Investment Funds Part B: Standard Licence Conditions Applicable to Alternative Investment Funds ("AIFs Part B"); and
m) Investment Services Rules for Retail Collective Investment Schemes Part B -Standard Licence Conditions Part BII: Malta Based UCITS Collective Investment Schemes ("UCITS Part B")

Amendments to the Investment Services Rulebooks in relation to the Money Market Funds Regulation - New and Amended

- On 28 March 2024, the MFSA issued a **circular** communicating a number of amendments that were made to the Investment Services Rulebooks concerning ESMA's latest Guidelines on stress test scenarios issued under the MMF Regulation.

Implementation of Various EBA and ESMA Guidelines – New and Amended

- A total of eight EBA and ESMA guidelines have been implemented in the MFSA's Rulebooks. The MFSA subsequently issued a **circular** dated 20 November 2024, to effectively communicate such changes to the industry, namely relating to:
  - Guidelines on the benchmarking exercises on remuneration practices and the gender pay gap;
  - Guidelines on the data collection exercises regarding high earners;
  - Joint EBA and ESMA Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP);
  - Guidelines on the criteria for the exemption of investment firms from liquidity requirements in accordance with Article 43(4) of Regulation (EU) 2019/2033;
  - Guidelines on benchmarking of diversity practices, including diversity policies and gender pay gap, under Directive 2013/36/EU and Directive (EU) 2019/2034;
  - Guidelines on resubmission of historical data under the EBA reporting framework;
  - Guidelines on the monitoring of the threshold and other procedural aspects on the establishment of intermediate EU parent undertakings under Article 21b of Directive 2013/36/EU;
  - Guidelines on funds' names using ESG or sustainability-related terms

Amendments to the Supervisory Returns for Fund Managers and Collective Investment Schemes – Amended

The MFSA introduced changes to the Appendix 2B return for fund managers and the Annual Fund Return for CISs which were communicated through a **circular** issued on 2 December 2024. Key modifications included clarifications on fund management data, new sections on ESG considerations and Principal Adverse Impacts (PAIs) in line with SFDR and expanded reporting on internal audit functions for self-managed structures. Additional documentation requirements and updates to balance sheet reporting were implemented to enhance supervisory effectiveness and address regulatory developments in sustainable finance.

Implementation of the MiCA Regulation and its Corresponding Guidelines – New and Amended

Following the release of a **circular** issued on 12 December 2024, the MFSA implemented the Markets in Crypto-Assets Regulation (MiCA) as of 30 December 2024, amending Investment Services Rules for providers. Investment Firms, AIFMs, and UCITS ManCos can extend their licences to include crypto-asset services by submitting a Notification Form to the MFSA 40 working days before offering such services. The MFSA will review notifications within 20 working days, with potential extensions for additional information requests.

Investment Services Rules for Notified Professional Investor Funds and Related Due Diligence Service Providers; Part A, Section 6 – Amended

The **circular** dated 27 November 2024 highlighted amendments made to Part A, aimed at facilitating the establishment of Single Family Offices in Malta. Section 6 was amended to inter alia define a 'family office vehicle' and allow NPIFs to be managed by certain exempt locally established fund managers.

Investment Services Rules for Notified Professional Investor Funds and Related Due Diligence Service Providers; Part A, Rule 11.05 – Amended

The **circular** dated 5 September 2024 outlines amendments made to the NPIF Rulebook. Rule 11.05 has been amended to clarify the eligibility criteria for appointment as a Notified PIF Due Diligence Service Providers ('DDSP'). In addition, also for purposes of clarity, its format has also been amended.

Investment Services Rules for Notified Professional Investor Funds and Related Due Diligence Service Providers; Part A, Rule 11.06 – Amended

The **circular** dated 5 September 2024 outlines amendments made to the NPIF Rulebook. Rule 11.06 has been amended to inter alia reflect the position outlined in the Guidance Note to the NPIF Framework vis-à-vis the process applicable to DDSPs wishing to be included in the MFSA Financial Services Register.

Investment Services Rules for Notified Professional Investor Funds and Related Due Diligence Service Providers; Part B, Rule 3.03 – Amended

The **circular** on the establishment of Single Family Offices outlines the amendment of point (b) of the proviso to Rule 3.03 which has been extended to incorporate certain reporting requirements for exempt local managers, albeit these being limited to certain parts of Annex 2 to the Rules.

Investment Services Rules for Notified Professional Investor Funds and Related Due Diligence Service Providers; Part B, Rule 5.04 – Amended

The **circular** dated 5 September 2024 outlines amendments to Rule 5.04 to require the DDSP to submit a declaration to the Authority confirming that it has carried out the necessary fitness and properness assessments, in the event of changes to the service providers and/or officials of the NPIF.

Investment Services Rules for Notified Professional Investor Funds and Related Due Diligence Service Providers; Supplementary Rules, Section 5 - New

This **circular** introduced a new section applicable to NPIFs managed by exempt managers pursuant to Rule 6.01 of Part A of the Rules. Section 5 details the applicability thresholds of the relevant exemptions and requires the NPIF's governing body and Due Diligence Service Provider to verify and confirm said exemptions.

Trustees & CSPs

Rulebook Heading: Company Service Providers Rulebook – Amended

On 23 January 2024, the **Company Service Providers Rulebook** was amended to streamline and simplify the regulatory submissions by Company Service Providers (CSPs). In conjunction with the publication of the amended Rulebook the Authority published an updated Annual Compliance Return for CSPs to complete as of April 2024. The Annual Compliance Return included several updates so the Authority would be receiving comprehensive information needed by the MFSA to conduct its supervisory duties through this Return rather than separate standalone documentation.

MFSA Circular dated 23 January.

Rulebook Heading: Trustees of Family Trusts Rulebook – Amended

The **Trustees of Family Trusts Rulebook** was updated on 27 December 2024 having taken into consideration feedback received from stakeholders to the consultation published in August 2023. The updates to the Rulebook crystallise practices adopted by the Authority throughout the years, introduce changes to the definition of 'family member' in a bid to reflect the concept of family as understood in today's world and clarify concepts such as the 'registration considerations' adopted by the Authority whether to grant a registration to an applicant as a family trustee or otherwise. The publication of the updated Rulebook was planned to coincide with the launch of **Establishment of Single Family Offices in Malta**. For such set-ups the definition of 'family member' is extended as long as specific criteria established in the Rulebook are satisfied and similarly the registration considerations include provisions to allow for the special circumstances of single family offices.

APPENDIX 3: MEMORANDA OF UNDERSTANDING (MOU) IN FORCE

Bilateral MoUs with Foreign Regulators

Entity	Scope of Agreement
Albanian Financial Supervisory Authority	Non-bank financial markets
Andorran Financial Authority	Insurance
Australian Prudential Regulation Authority	Banking and insurance
Austrian Financial Market Authority	Credit institutions
Belgian Banking and Finance Insurance Commission	Banking
Bermuda Monetary Authority	Insurance, credit institutions and trusts
Cayman Islands Monetary Authority	Credit institutions, insurance, securities and trusts
Central Bank of San Marino	Securities, insurance, and banking
Central Bank of Uzbekistan	Cooperation and exchange of Information
China Banking Regulatory Commission	Banking
China Securities Regulatory Commission	Securities
Cyprus Central Bank	Credit institutions
German Federal Financial Supervisory Authority	Banking, securities and insurance (primarily Banking)
Gibraltar Financial Services Commission	Banking, securities and insurance
Guernsey Financial Services Commission	Banking, investment services, insurance and fiduciary services
Isle of Man Financial Services Commission	Securities and banking
Isle of Man Insurance and Pensions Authority	Mutual assistance and exchange of information
Jersey Financial Services Commission	Mutual assistance and exchange of information
Mauritius Financial Services Commission	Securities, insurance and pensions
National Bank of Serbia	Cooperation and exchange of information in the Virtual Digital Assets Sector
Netherlands Central Bank	Banking
Portugal Central Bank	Credit institutions
Portugal Securities Market Commission	Securities

Qatar Financial Centre Regulatory Authority	Banking, financial and insurance related business
Slovakia National Bank	Banking, insurance and securities
South Africa Financial Services Board	Securities, insurance and pension funds
Turkey Banking Regulation and Supervision Agency	Banking
Turkey Capital Markets Board	Securities
UAE Abu Dhabi Global Market Financial Services Regulatory Authority	Banking, securities and insurance
UAE Dubai Financial Services Authority	Securities, credit institutions, insurance and trusts
USA Nebraska Department of Insurance	Insurance
UK Financial Conduct Authority	Banking, insurance and investment services
	Securities
Ukraine National Securities and Stock Markets Commission	Securities and markets
Vatican Financial Information Authority	Financial institutions
Vietnam National Financial Supervisory Commission	Banking, securities and insurance

Bilateral MoUs with Foreign Regulators

Entity	Scope of Agreement
Accountancy Board	Framework for co-operation, mutual assistance, and exchange of information between the two entities
Central Bank of Malta	Payment and securities settlements systems; Exchange of information in the fields of financial services; Joint financial stability board, Financial market infrastructures
Commissioner for Voluntary Organisation	Framework for co-operation, mutual assistance and exchange of information between the two entities, for the purpose of assisting each other in the discharge of their own respective functions
Financial Intelligence Analysis Unit (FIAU)	Cooperation; Rendering of mutual assistance and exchange of information in the field of AML/CFT compliance supervision
	Formalise cooperation and exchange of information; and the allocation of responsibilities in ensuring compliance by subject persons with their obligations under the Prevention of Money Laundering Act (PMLA) and National Interest Act (NIA)
Malta Business Registry (MBR)	Framework for co-operation, mutual assistance and exchange of information between the two entities
Office of Fair Competition	Mutual assistance and exchange of information
Malta Police Force	To provide a framework for the parties to cooperate and communicate constructively for the purpose of assisting each other in the discharge of their own respective functions

Multilateral MoUs and Protocols

Entity	Scope of Agreement
European Central Bank Third Country Branches	Multilateral Memorandum of Cooperation between the ECB and NCAs of participating Member States in their capacity as supervisors of third-country branches
EEA, Bank of England and Financial Conduct Authority	Assistance in cross-border (re) insurance establishments, cross-border groups, and special purpose vehicles.
European Insurance and Occupational Pensions Authority (EIOPA)	Insurance and occupational pensions
European Securities and Markets Authority (ESMA)	Securities
Financial Supervisory Authorities, Central Banks and Finance Ministries of the EU	Cross-border financial stability
International Organization of Securities Commissions (IOSCO)	Securities, administrative arrangement for the transfer of personal data with non-EEA Authorities
Ministry of Finance, the Economy and Investment and Central Bank of Malta	Co-operation in the management of financial crisis situations
Nissan College	Group-wide insurance related supervision of the Nissan Group
The Institute of Directors (IoD UK) and the Institute of Directors Malta Branch (IoD Malta)	Setting up of a joint initiative between IoD Malta and the MFSA for the scope of improving board education and standards
International Association of Insurance Supervisors (IAIS)	Exchange of information in insurance regulatory and supervisory matters
MGA, Sanctions Monitoring Board, FIAU, MFSA	Formalise their cooperation and exchange of information, and the allocation of responsibilities in ensuring compliance by subject persons with their relevant obligations under the PMLA and NIA

Bilateral MoUs with Foreign Regulators

Entity	Scope of Agreement
Commissione Nazionale per le Società e la Borsa (CONSOB)	Securities
Swiss Financial Market Supervisory Authority (FINMA)	Banking and Securities

Appendix 4: Litigation in connection with the MFSA's exercise of its Regulatory and Supervisory Functions

PENDING APPEALS BEFORE THE FINANCIAL SERVICES TRIBUNAL AS AT DECEMBER 2024

1. FX-CAM Consulting and Advertisement Ltd (formerly Sensus Capital Markets Ltd) v MFSA (Case Ref: FST 02/16)
2. Heikki Niemela, Mika Lehto, Nemea plc, Nevestor SA, Nemea Bank plc v MFSA (Case Ref: FST 04/16)
3. Heikki Niemela, Mika Lehto, Nemea plc, Nevestor SA, Nemea Bank plc v MFSA (Case Ref: FST 10/16)
4. Heikki Niemela, Mika Lehto, Nemea plc, Nevestor SA, Nemea Bank plc v MFSA (Case Ref: FST 01/17)
5. Pilatus Holding Ltd v MFSA (Case Ref: FST 02/18)
6. Johannes Helmut, Michael Bauer, Claude-Anne Sant Fournier, Hamidreza Ghanbari, Robert L. Klingensmith, Luis Felipe Rivera and Mustafa Cetinel in their personal capacities as directors of Pilatus Bank plc and for and on behalf of Pilatus Bank plc v MFSA (Case Ref: FST 03/18)
7. Portmann Capital Management Ltd v MFSA (Case Ref: FST 04/18)
8. Portmann Capital Management Ltd v MFSA (Case Ref: FST 05/18)
9. Signia Holding Ltd & Satabank plc v MFSA (Case Ref: FST 06/18)
10. Signia Holding Ltd & Satabank plc v MFSA (Case Ref: FST 03/20)
11. Corporate & Commercial FX Services Limited v MFSA (Case Ref: FST 04/20)
12. Dennis Muscat v MFSA (Case Ref: FST 05/20)
13. Signia Holding Ltd & Satabank plc v MFSA (Case Ref: FST 08/20)
14. Phoenix Payments Ltd v MFSA (Case Ref: FST 01/21)
15. MC Trustees (Malta) Limited v MFSA (Case Ref: FST 02/21)
16. Integrated-Capabilities (Malta) Ltd v MFSA (Case Ref: FST 04/21)
17. Iosif Galea v MFSA (Case Ref: FST 05/21)
18. Portmann Capital Management Ltd v MFSA (Case Ref: 04/22)
19. Atom Trustees v MFSA (Case Ref: 06/22)
20. S&D Yachts Limited v MFSA (Case Ref: FST 02/24)
21. Tyke Holding Limited v MFSA (Case Ref: FST 03/24)
22. Jorge Insurance Limited v MFSA (Case Ref: FST 04/24)

PENDING COURT CASES/APPEALS AS AT 31 DECEMBER 2024

Court of Appeal (Civil, Inferior)

23. Portmann Capital Management Ltd v FIAU & MFSA (Case Ref: 95/2018 LM)
24. Christian Ellul et v MFSA et (Case Ref: 37/2024 LM)
25. Christian Ellul et v MFSA et (Case Ref: 42/2024 LM)
26. Investar plc v MFSA (52/2024 LM)
27. Clayton Formosa v MFSA (61/2024 LM)
28. E&S Consultancy Ltd v MFSA (62/2024 LM)
29. Christian Ellul v MFSA (63/2024 LM)
30. Karl Schranz v MFSA (64/2024 LM)
31. Joseph Grioli et v MFSA (103/2024 LM)

Civil Court, First Hall (Constitutional Jurisdiction)

32. Phoenix Payments Ltd v MFSA et (Case Ref: 272/2021 TA)
33. Iosif Galea v MFSA et (Case Ref: 49/2022 FDP)
34. Clayton Formosa v MFSA et (Case Ref: 23/2023 GG)
35. Alexander Mangion et v MFSA et (Case Ref: 453/2023 AB)
36. Christian Ellul et v MFSA et (Case Ref: 502/2024 DC)

Civil Court (First Hall)

37. Pilatus Holding Ltd et v MFSA (Case Ref: 936/2018 MS)
38. Dennis Muscat v MFSA (Case Ref: 237/2021 MS)
39. Mortar Holding Services Company Ltd vs Satabank plc et (Case Ref: 94/2022 GG)
40. Lifestar Holding plc et vs MFSA et (Case Ref: 292/2022 DC)
41. Oneka Aircraft Leasing Limited vs Pilatus Bank plc et (Case Ref: 1048/2022 FDP)

Civil Court (Commercial Section)

42. All Invest Company Limited v X (888/2013 ISB)
43. Maltese Cross Financial Services Ltd v X (204/2015 ISB)
44. Av Mark Refalo noe v Brian Tonna Pro Et Noe (827/2017 ISB)
45. MFSA vs The Timeless Uranium Fund SICAV plc (Case Ref: 79/2022 ISB)
46. MFSA v The Timeless Precious Metals Fund SICAV plc (Case Ref: 80/2022 ISB)
47. MFSA v Sierra Madre Gold & Silver Venture Capital Fund SICAV plc (Case Ref: 81/2022 ISB)
48. Tyke Holding Limited v Absolute Holding Limited et (Case Ref: 49/2024 ISB)

Constitutional Court

49. Carmel Cortis et al vs Prim Ministru et al (Case Ref: 21/2019/1)

Appendix 5: Other Information

The following clickable headings link directly to the relevant web page

Administrative Measures and Penalties
Circulars Issued in 2024
Consultation Documents issued in 2024
Surrendered Licences
Authorised Persons 2024