

22 July 2025

MFSA– Authorisation Process

Letter to Advisors and Representatives of Applicants for Authorisations

1.0 Foreword

The primary objective of this letter is to enhance transparency of the MFSA authorisation processes, while clearly outlining the Authority's expectations. This letter is addressed to entities and individuals that advise and/or represent (hereafter referred to as 'Advisors') natural or legal persons (hereafter referred to as 'Applicants') on the different authorisation requests. Advisors are expected to be fully aligned with the Authority's expectations. Drawing from past experiences, this letter highlights gaps and deficiencies that may have resulted in suboptimal application outcomes, such as refusals, withdrawals, or delays. This communication does not substitute or supersede any sectoral regulatory requirement or guidance established under local and EU regulations or directives. It should, therefore, be read in conjunction with the relevant sectoral laws and regulations. The said regulations and any future amendments therein shall always prevail.

The authorisation process is a technical process that Applicants must undergo to be licensed by the MFSA. In this document, the terms "licence" and "authorisation", are used interchangeably.

2.0 Background

The MFSA assesses the application verifying the completeness and accuracy of the provided information. The review consists mainly of an assessment of the business plan, integrity and financial soundness of the proposed qualifying shareholders; reputation, knowledge, skills

and experience of the management body; governance arrangements, whether the Applicant will be able to comply and continue to comply with the prudential, conduct and anti-money laundering requirements and maintain the necessary financial soundness, in line with applicable regulatory requirements. The objective is to ensure that the Applicant is able to satisfy regulatory requirements on an ongoing basis in relation to its proposed business model.

3.0 Best Practices for Streamlining Authorisation Process

At the intention stage, applicants seeking authorisation must submit a Statement of Intent to the Authority via the different designated sectoral e-mail addresses, as outlined in the Authorisation Process Service Charter, which can be found on the MFSA's website.

At the Authority's discretion an introductory meeting may be scheduled to gain deeper understanding of the rationale, strategy or business model behind the proposal, as well as to explain the relevant processes and requirements. This stage marks the commencement of an interactive approach, involving ongoing engagement with the Applicant should the application materialise.

Prior to submitting a request for authorisation, it is the Applicant's responsibility, to identify the type of authorisation required and evaluate whether it falls within the scope of authorisation under the applicable regulatory frameworks.

The Authority expects the Applicants and their Advisors, if any, to consult the information available on the MFSA's website and be knowledgeable of the relevant regulatory obligations set out in the applicable regulatory framework. Additionally, Applicants should reference any pertinent EU Regulations and Directives, Commission Delegated Regulations, Regulatory Technical Standards and Implementing Technical Standards, as well as any Guidance Notes which may be issued by the ECB, European Banking Authority ('EBA'), European Securities and

Markets Authority ('ESMA'), European Insurance and Occupational Pensions Authority (EIOPA) and any other competent authority or international standard setting body.

Whilst the Authority strives to provide guidance and feedback, where applicable, on the regulatory framework, its approach, and processes, it is important to note that offering consultancy services or advising on how proposals should be modified to meet regulatory requirements is beyond its remit. The onus shall always remain on the Applicant to decide and implement solutions which adhere to the applicable legal requirements.

While the ownership of the request for authorisation ultimately lies with the Applicant, it is strongly encouraged to appoint a competent Advisor with relevant experience in the relative sector. Although not mandatory, such appointments have proven valuable in streamlining the authorisation process and ensuring timely and efficient handling of applications. Where applicable, and prior to engaging with the Authority, Advisors should assist Applicants in understanding the expectations and obligations set out in the applicable local and international regulatory frameworks, including the MFSA's Risk Appetite Statement, which can be found on the MFSA's website. To enhance and expedite the process, the Advisor's role, if appointed to support an Applicant with their applications to the MFSA, includes, inter alia, the following responsibilities:

i. Conducting Due Diligence:

Performing their own due diligence on the Applicant prior to onboarding, and filtering in line with legal requirements and any internal risk appetite frameworks. The Authority naturally conducts its own rigorous due diligence processes, however, it is also expected that Advisors conduct their own checks to ensure as far as practicable that any applicants presented to the Authority are fit and proper and do not pose a reputational risk to the Authority and jurisdiction at large.

ii. Preparation of Comprehensive Documentation:

Ensuring that all required forms, supporting documents, and information are complete, accurate, and compliant with the applicable regulations and guidelines. This ensures an efficient process, whereby applications can be concluded in a timely manner without unnecessary delays caused by constant and ongoing requests for additional information/documentation.

iii. Regulatory Compliance:

Confirming that the application aligns with EU and national regulatory frameworks.

iv. Transparency and Disclosure:

Ensuring full transparency, openness, and honesty in providing the MFSA with all the required and key information and documentation including disclosure of all material facts about the Applicant, such as the shareholding and group structure, governance arrangements, business model, internal controls, financial position, risk management, amongst others.

v. Facilitation of Communication:

Acting as the primary point of contact between the Applicant and the MFSA, ensuring that all queries and/or requests for additional information are sufficiently addressed. Advisors must also ensure that the Applicant's feedback is presented in a complete, clear and consistent manner, avoiding piecemeal submissions, while providing additional explanations and supporting evidence as necessary.

vi. Demonstration of Suitability:

Assisting the Applicant in demonstrating suitability, including fitness and properness of shareholders and members of the management body, the adequacy of risk management systems, policies, as well as the availability of sufficient financial resources.

vii. Timely Submission:

Ensuring that the application and all required documentation are submitted within the prescribed timelines, including any additional information and/or documentation requested by the Authority, without any delays.

viii. Professional and Ethical Conduct:

The Authority expects all stakeholders to uphold the highest standards of professionalism, ensuring that the application process is conducted ethically and transparently.

By fulfilling these expectations, the Applicants, and their Advisors shall facilitate and streamline the application process with timely turnarounds in communication with the Authority while fostering confidence in the Applicant's readiness to meet regulatory standards.

4.0 Concluding Remarks

The authorisation process within the different sectors is a rigorous and collaborative undertaking that ensures Applicants meet the highest regulatory standards. It is the Applicant's responsibility, with the assistance of competent and experienced Advisors, to address the complexities of the regulatory framework, demonstrating suitability, compliance, and readiness to operate within the sector.

The MFSA, in collaboration with other supervisory authorities, such as ECB, European Banking Authority ('EBA'), European Securities and Markets Authority ('ESMA'), European Insurance and Occupational Pensions Authority (EIOPA) is committed to maintain a robust and transparent process that upholds the integrity of the financial system. While the Authority provides guidance on regulatory expectations and processes, the ultimate responsibility lies with Applicants and their Advisors to adhere to the legal and regulatory requirements and to present complete and accurate information.

Through effective communication, diligent preparation, and adherence to applicable frameworks, the authorisation process can also serve as the foundation for establishing an effective relationship with the Authority, fostering trust and collaboration.

Yours Sincerely,
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