

## **1. Foreword**

The Investment Supervision Function is responsible for supervising entities under the Investment Services Act. As part of our supervisory duties, we ensure that our licence holders adhere to regulatory changes relevant to their business.

This newsletter brings to the attention of the asset management industry a selection of important publications issued by the Investment Services Supervision Function, European Commission, and the European Supervisory Authorities (ESAs) from 1 January 2025 to 24 July 2025, following the previously issued regulatory briefing of 21 January 2025.

This briefing does not aim to provide an exhaustive list of all publications. It specifically focuses on key developments such as:

- MFSA updates
- Legislative proposals and Regulatory Technical Standards
- Consultations to which the industry is invited to contribute
- Updates to Q&A documents and other convergence measures
- Publication of guidelines and reports issued by the ESAs

## **2. MFSA Updates**

### **[MFSA Extends the Notified PIF Framework to Cater for Self-Managed Structures](#)**

On 12 February 2025, the MFSA published a circular on amendments made to the Notified Professional Investor Fund (NPIF) framework to allow NPIFs to be established as self-managed funds, expanding beyond the previous requirement for NPIFs to appoint a third-party manager. Key updates include amendments to the NPIF Rulebook to accommodate self-managed structures, revised due diligence and reporting requirements applicable to self-managed NPIFs.

### **[MFSA Launches Framework for Collective Investment Schemes Structured as Limited Partnerships without Separate Legal Personality](#)**

On 12 February 2025, the MFSA published a circular launching a new framework for Collective Investment Schemes (CISs) structured as Special Limited Partnership Funds (SLPFs) without separate legal personality. This framework is designed exclusively for non-retail funds targeting qualifying or professional investors. SLPFs must be licensed or notified under existing fund regimes

such as PIF, NPIF, AIF, or NAIF. The framework requires a Limited Partnership Agreement (LPA) approved by the MFSA, with specific rules for amendments and currency requirements.

### [Review of the Total Expense Ratio of Collective Investment Schemes](#)

On 13 February 2025, the MFSA published a circular to communicate a review exercise carried out on the Total Expense Ratio (TER) of 391 Malta-licensed investment funds. The review identified 65 funds with high TERs and subsequently an assessment was carried out to determine the rationale after high TERs. Funds and Fund Managers are urged to keep TERs within reasonable limits.

### [Circular on the Publication of Updates to the Frequently Asked Questions on the Notified PIF Framework](#)

On 28 May 2025, the MFSA issued a circular announcing updates to the Frequently Asked Questions (FAQ) on the Notified Professional Investor Fund (NPIF) framework. The revised FAQ aligns with recent regulatory developments, including:

- Facilitating the establishment of Single-Family Offices in Malta (27 November 2024)
- Launching a framework for Collective Investment Schemes structured as Limited Partnerships without separate legal personality (12 February 2025)
- Extending the NPIF framework to cater for self-managed structures (12 February 2025)

Key changes include updates to Section 1 (general NPIF questions) and Section 2 (NPIF service providers), as well as the addition of a new Section 3 focused on Family Office Vehicles. Stakeholders are encouraged to consult the updated FAQ for detailed guidance.

### [Circular on the Requirements Pertaining to the Reporting Requirements Emanating from Regulation \(EU\) 2019/2033 \(“IFR”\)](#)

On 3 April 2025, the MFSA issued a circular outlining updated reporting requirements for investment firms under the IFR. Key changes include the adoption of EBA Taxonomy Framework 4.0 from March 2025, revised reporting templates, and new file naming conventions for Class 2 firms.

### [Circular on Various Aspects Concerning the Submission of Financial Documentation through the LH Portal by Fund Managers, Collective Investment Schemes and Recognised Persons](#)

On 17 April 2025, the MFSA issued a circular clarifying requirements for submitting financial documentation via the LH Portal by fund managers, collective investment schemes, and recognised persons. The circular emphasizes strict adherence to naming conventions to ensure high data quality and prevent processing delays.

## [Various Amendments to the Investment Services Rulebooks in the Context of EuVECA and EuSEF Regulations](#)

On 30 May 2025, the MFSA announced amendments to the Investment Services Rulebooks to clarify that Alternative Investment Funds (AIFs), Professional Investor Funds (PIFs), Notified AIFs (NAIFs), and Notified PIFs (NPIFs) can be established and marketed as EuVECA or EuSEF funds. Key updates include disapplying certain national restrictions—such as prohibitions on lending and loan origination—for funds designated as EuVECA or EuSEF, and updating application forms and guidance to reflect these eligibility criteria and regulatory requirements.

### [Tokenisation of Fund Units](#)

On 12 June 2025, the MFSA published a position paper clarifying its regulatory stance on the tokenisation of units of collective investment schemes.

Fund administrators must manage blockchain-based registers and smart contracts. Key requirements include competence in DLT, transparent disclosures in offering documents (covering AML/KYC, risks, redemption/transfer procedures, and custody arrangements), and robust risk management - covering DLT design, key management, privacy, business continuity, system redundancy, authentication, and governance. The base currency of tokenised units of collective investment schemes shall remain fiat.

## [Amendments to the MIFID Firms Quarterly Reporting, Fund Managers Appendix 2B and Annual Fund Return](#)

On 16 June 2025, the MFSA issued a circular announcing updates to the templates for MiFID Firms' Quarterly Reporting, Fund Managers' Appendix 2B, and the Annual Fund Return.

### [Key Updates Include:](#)

- [Annual Fund Return](#): Updated to Version 1.10, now requiring Collective Investment Schemes to report the Total Expense Ratio (TER) in line with the methodology from the 13 February 2025 circular. This applies to submissions due after 15 June 2025.
- [Appendix 2B \(Fund Managers\)](#): Updated to Version 12 for Q2 2025 onwards, with changes to the indentation of certain data point labels under the 'Income' section.
- Revisions to the MiFID Firms Quarterly Reporting template in relation to *inter alia* ESG-related complaints, digital platform details, and new financial data points.

## [ESMA Thematic Note on Clear, Fair & Not Misleading Sustainability-Related Claims](#)

On 8 July 2025 the MFSA published a circular regarding ESMA's [Thematic Note](#) offering guidance to ensure sustainability-related claims are clear, fair, and not misleading. The note sets out four principles for market participants:

- Accuracy: Claims must fairly reflect the sustainability profile, avoiding exaggeration, omission, or vagueness.
- Accessibility: Information should be easy to find and understand, with layered details if needed.
- Substantiality: All claims must be supported by credible evidence and clear methodologies.
- Updated and timely information for material changes.

### 3. ESMA Publications

#### [ESMA Annual Work Programme 2025](#)

The European Securities and Markets Authority (ESMA) has launched a consultation on draft guidelines and technical standards covering Liquidity Management Tools (LMTs) under the revised Alternative Investment Fund Managers Directive (AIFMD) and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive. The aim is to harmonize liquidity risk management across EU investment funds. ESMA's proposals include detailed Regulatory Technical Standards that define the key elements, calculation methods, and activation mechanisms of each LMT, and Guidelines for fund managers on how to select and calibrate appropriate LMTs based on their fund's strategy, liquidity profile, and redemption policy.

The framework will require all UCITS funds and open-ended AIFs to implement at least two LMTs, boosting their preparedness for market stress and clarifying practices like the use of side pockets. Stakeholders are invited to respond to ESMA's consultation by 8 October 2024, with final rules expected by April 2025.

#### [Guidelines on stress test scenarios under the MMF Regulation](#)

The ESMA Guidelines on stress test scenarios under the Money Market Funds (MMF) Regulation, updated in February 2025, specify how to assess the impact of adverse market conditions, covering scenarios such as liquidity shocks, credit and interest rate changes, large-scale redemptions, spread movements, and macroeconomic shocks. Managers must report results to national authorities using standardized templates.

### [\*\*SMMSG advice on the Consultation Paper on the Technical Advice to the European Commission on the amendments to the research provisions in the MiFID II Delegated Directive\*\*](#)

The paper published on 17 February 2025 by ESMA focuses on the Securities and Markets Stakeholder Group (SMMSG) supported ESMA's proposal to integrate high-level requirements into Article 13 of the MiFID II Delegated Directive, aligning with the EU's goal to reduce administrative burdens and enhance flexibility for firms using the new research payment option. SMMSG emphasized the importance of monitoring the adoption and impact of joint payment methods on research availability and quality, especially for SMEs.

The advice also highlighted that while research quality has improved and conflicts of interest have lessened, the overall quantity of research has declined since MiFID II's introduction

### [\*\*Final Report on the Guidelines on LMTs of UCITS and open-ended AIFs and Final Report on the Draft Regulatory Technical Standards on Liquidity Management Tools under the AIFMD and UCITS Directive\*\*](#)

Published in April 2025, this report sets out ESMA's draft guidelines for the selection, calibration, and activation of liquidity management tools (LMTs) by managers of UCITS and open-ended alternative investment funds (AIFs). The proposed guidelines aim to strengthen liquidity risk management and mitigate financial stability risks and when and how LMTs can be applied.

### [\*\*Consolidated Q&As on the PRIIPs Key Information Document\*\*](#)

The Consolidated Q&As on the PRIIPs KID, updated by the European Supervisory Authorities in May 2025, provide authoritative guidance for manufacturers and distributors of packaged retail and insurance-based investment products (PRIIPs). These Q&As clarify the interpretation and application of the PRIIPs Regulation, covering key topics such as market risk assessment (MRM class determination), performance scenarios, and calculation of summary cost indicators.

### [\*\*Final Report: Technical advice to the European Commission on the review of the UCITS Eligible Assets Directive\*\*](#)

This report provides ESMA's technical advice to the European Commission on the review of the UCITS Eligible Assets Directive (EAD). It addresses divergences in how Member States implement UCITS rules, proposes clarifications on asset eligibility, and recommends additional limitations by way of adopting a 'look through' approach to indirect exposures involving assets which are not deemed perfectly UCITS eligible, and reconsideration of the presumption of liquidity principle.

## [2023-2024 CSA on the integration of sustainability risks and disclosures](#)

This report summarizes the findings of ESMA 2023–2024 Common Supervisory Action (CSA) with national regulators on the integration of sustainability risks and disclosures in the investment fund sector. The CSA assessed how fund managers comply with EU rules under the UCITS Directive, AIFMD, and the Sustainable Finance Disclosure Regulation (SFDR).

## 4. EBA Publications

### [Update to the List of Common Equity Tier 1 \(CET1\) Instruments](#)

On 15 May 2025, the EBA updated its list of CET1 instruments. Key changes include:

- Removal of references to grandfathered instruments (as CRR grandfathering ended 31 December 2021);
- addition of newly eligible instruments and removal of outdated ones; and
- Incorporation of recent changes in national legislation.

### [Implementing Technical Standards \(ITS\) on Reporting and Disclosures for Investment Firms](#)

The European Banking Authority (EBA) has developed Implementing Technical Standards (ITS) to harmonize supervisory reporting and disclosure requirements for investment firms under the IFR. These standards cover key areas such as capital levels, concentration risk, liquidity, and activity levels. The framework aims to ensure consistent, transparent, and comparable data for supervisors and stakeholders. The ITS integrates supervisory reporting with public disclosures to enhance market discipline and facilitate regulatory compliance. The standards were adopted as a final draft and submitted to the European Commission for endorsement.

### [EBA Work Programme 2025](#)

This annual programme outlines the EBA's priorities for 2025, including the implementation of the EU Banking Package, enhancements to the Single Rulebook, strengthening financial stability, launching a new data portal, and beginning oversight under the Digital Operational Resilience Act (DORA) and Markets in Crypto-Assets Regulation (MiCAR). It also highlights the transition to new anti-money laundering (AML) and counter-terrorism financing (CFT) frameworks, all of which are highly relevant to investment services supervision.

### [European Supervisory Examination Programme \(ESEP\) 2025](#)

The ESEP sets out the EBA's key supervisory focus areas for 2025. These include adapting to economic and financial uncertainties, addressing digital challenges (especially ICT risk management and operational resilience), and supporting the transition to Basel III and the EU banking package.

### [Draft Guidelines on the Sound Management of Third-Party Risk](#)

These draft guidelines, published for consultation in July 2025, provide a framework for the sound management of third-party risks throughout the lifecycle of outsourcing and other third-party relationships. The guidelines are crucial for investment firms relying on external service providers and aim to ensure robust governance and risk controls.

### [Consultation on Draft Guidelines on Ancillary Services Undertakings](#)

This consultation paper sets out criteria for identifying activities performed by ancillary services undertakings (ASUs) under the Capital Requirements Regulation (CRR). The guidelines aim to harmonize supervisory practices regarding the scope of prudential consolidation for banking groups, which impacts investment services entities within such groups.

### [EBA Guidelines on Ensuring Compliance with EU and National Restrictive Measures](#)

Effective from December 2025, these guidelines standardize internal governance, policies, and procedures to ensure compliance with restrictive measures. They apply to investment firms, payment service providers, and crypto-asset service providers, directly impacting investment services supervision.

### [Consultation on Technical Standards for Own Funds and Eligible Liabilities](#)

This consultation proposes amendments to the regulatory technical standards (RTS) for own funds and eligible liabilities, aiming to simplify and shorten application timelines. The changes affect capital planning and prudential requirements for investment firms

## [EBA Reporting Framework 4.2](#)

One of the key components of the EBA's and EIOPA's data dictionaries is the Data Point Model (the 'DPM'). A DPM refit exercise is underway, with the aim to revise the first generation of the DPM to the new DPM 2.0. The DPM enables EBA and EIOPA to harmonise regulatory data points across the European Economic Area (EEA). As part of this major revision, both authorities will transition from the legacy DPM standard to DPM 2.0, phasing out the initial version to improve data consistency, enhance integration, and facilitate regulatory reporting for all stakeholders.

A critical aspect of this transition is the move from XBRL-XML to XBRL-CSV reporting formats. From March 2026 onwards, the MFSA will adopt this approach, meaning Investment Firms must report exclusively in XBRL-CSV under DPM 2.0. However, the XBRL-XML format will continue to be accepted for submissions relating to periods before March 2026.

The Authority intends to make available a pre-production testing environment to support institutions in adapting to the new format. This environment will replicate the technical parameters and validations of the LH Portal production system.

## **5. European Commission Publications**

### [Call for evidence - Market Integration](#)

In May 2025, the European Commission launched a call for evidence to gather feedback on EU rules aimed at fostering market integration and efficient supervision. The consultation focused on identifying barriers to deeper integration of capital markets and seeks input from stakeholders to inform future supervisory and regulatory initiatives. The consultation closed on 5 June 2025.

### [Commission Simplifies Rules on Sustainability and EU Investments](#)

The Commission adopted a package of proposals in 2025 to simplify EU rules, boost competitiveness, and unlock additional investment capacity. The package aims to reduce administrative burdens, streamline sustainability reporting, and enhance the efficiency of investment services supervision across the EU.

### [Commission to cut EU Taxonomy Red Tape for Companies](#)

In July 2025, the Commission published a draft Delegated Act as part of the Omnibus I package. This initiative is designed to simplify the application of the EU taxonomy for companies, thereby reducing regulatory complexity. Stakeholders were invited to provide feedback on the draft.



### [EU Commission Work Programme 2025](#)

The 2025 Work Programme sets out 25 new legislative proposals, emphasizing the simplification and implementation of EU rules for investment services. The programme highlights initiatives to reduce administrative burdens, promote supervisory convergence, and ensure a uniform regulatory environment for investment firms across the EU.