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## MFSA Publishes Findings on Market Abuse Regulation: Progress Noted, but Certain Gaps Remain

The Malta Financial Services Authority (MFSA) has issued a summary of findings from a series of supervisory inspections carried out with investment services providers between 2020 and 2024, focusing on compliance with the Market Abuse Regulation (MAR). The review forms part of the MFSA's ongoing commitment to strengthen market integrity and ensure high standards of compliance among regulated entities.

The inspections, which covered a cross-section of firms licensed under the Investment Services Act, aimed to assess the adequacy of internal systems, controls, and procedures to prevent and detect market abuse. The findings reflect both positive developments and areas requiring immediate improvement.

### **Positive Developments in Market Abuse Controls**

The MFSA acknowledges that, in several instances, firms have taken meaningful steps to enhance their internal frameworks and embed MAR obligations into their day-to-day operations.

Although the majority of entities inspected had significant room for improvement vis-a-vis their compliance standards in terms of MAR, a good number of firms demonstrated a relatively stronger understanding of the importance of MAR compliance and of the intricacies of the relevant obligations.

These developments signal a growing maturity within the sector in recognising the importance of proactive compliance in preserving fair and orderly markets.

### **Key Areas Requiring Further Action**

Despite clear improvements, the MFSA still identified a number of persistent shortcomings that must be addressed to ensure full compliance with the Regulation, some of which are highlighted below.

In a number of firms, internal processes and procedures were not always updated or tailored to reflect firm-specific risks. Several firms were also found to have never submitted a Suspicious Transaction and Order Report, despite operating in trading environments where

suspicious behaviour could occur. The MFSA observed that this had sometimes been the direct result of weak arrangements, systems and procedures.

During its inspections, the MFSA had also found that MAR training was often generic and infrequent, with some firms failing to ensure employees understood their individual responsibilities under MAR.

## MFSA Expectations and Next Steps

The MFSA expects all investment services providers to review their compliance with MAR in light of these findings. Head of Capital Markets Supervision Lorraine Vella said: *“These inspections form part of the Authority’s broader supervisory strategy aimed at raising industry standards and fostering a culture of compliance. The MFSA remains committed to sustaining a fair and transparent market, while building a regulatory environment where misconduct is effectively deterred. Firms are expected to assess the adequacy of their current frameworks, update their procedures, and provide targeted staff training to close any identified gaps.”*

The full findings have been shared in a [Dear CEO Letter](#) sent to licensed investment services providers, a copy of which is available on the MFSA website.

The Authority will continue to monitor adherence to MAR through both ongoing supervision and future supervisory inspections. Where necessary, enforcement measures will be taken to ensure that the Regulation is fully upheld.

## About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA’s mission, as enshrined in its Strategic Statement, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.

