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MFSA Welcomes ESMA Peer Review on CASP Authorisation and Supervision

The Malta Financial Services Authority (MFSA) welcomes the publication of the European Securities and Markets Authority (ESMA) Peer Review on Crypto-Asset Service Provider (CASP) Authorisation and Supervision which confirms that overall, the MFSA is largely meeting expectations with respect to the practical implementation of the Markets in Crypto-Assets Regulation (MiCA). This supports Malta's position as a leading jurisdiction when it comes to the regulation and supervision of fast-growing sectors such as digital assets.

Malta has established itself as an early regulatory adopter in the crypto assets sector, with the introduction of the Virtual Financial Assets (VFA) framework in 2018, which is similar to MiCA. With seven years of supervisory experience and proven expertise, as confirmed in the ESMA Peer Review Report, the MFSA and the Financial Intelligence Analysis Unit (FIAU) have demonstrated their extensive knowledge and technical proficiency, highlighting their solid understanding of the sector and their ability to investigate complex issues, underpinned by their considerable experience in supervising Virtual Asset Service Providers (VASPs). On this basis the MFSA has built efficiency into the processing of authorisations under MiCA, as well as supervision of the sector.

The MFSA is proud of its track record in the sector and the report highlights several good practices identified during the review such as the MFSA's active engagement with local universities and nurturing of young professionals, the high number of trainings delivered to staff on key technical issues, and the active cooperation between prudential and Anti-Money Laundering (AML) authorities, as well as with various international supervisory, intelligence, and law enforcement authorities and counterparts.

As part of its work the MFSA undertakes a wide range of supervisory interactions with licencees, which include onsite inspections, supervisory meetings, thematic reviews, and regulatory reporting submissions. As highlighted in the MFSA's recently launched [Annual Report](#), supervisory interactions increased by 33% year-on-year between 2023 and 2024. This included over 200 supervisory inspections, 134 enforcement actions and the issuance of €926,485 in penalties, alongside 49 public warnings and 5 consumer notices.

While pecuniary action is taken where necessary, the MFSA places strong emphasis on remedial interventions which have proven highly effective in advancing and strengthening both operator and regulator capabilities with regards to the sector. The MFSA and the FIAU also place a strong emphasis on collaboration with local and international counterparts including other authorities and law enforcement agencies. This has enabled the MFSA and

FIAU to leverage intelligence and supervisory insight from third parties in order to enrich its supervision and remain highly effective supervisors of an inherently cross-border sector.

ESMA and the National Competent Authorities (NCAs), MFSA included, are committed to ensuring consistent application of the MiCA framework, with ESMA's crucial supervisory convergence efforts facilitating collaboration and shared expertise amid differing starting points and evolving implementation challenges. The insights provided by the ESMA Peer Review Committee (PRC) (composed of staff from ESMA, European Banking Authority (EBA) and NCAs) are invaluable in supporting the MFSA and other NCAs in their continued efforts to improve and strengthen supervision of this sector. The review highlights opportunities to enhance processes, as well as making recommendations for NCAs across the EU. The MFSA and FIAU are onboarding these recommendations to further build and improve on the progress registered so far, and in so doing ensure that Malta strengthens the robustness of its supervisory framework.

Speaking on publication of the review, MFSA CEO Kenneth Farrugia stated, *"The MFSA is proud of its role as an early adopter of regulation of digital assets in Europe and the supervisory work carried out in the field, and we trust that this review gives further confidence to those considering licensing in Malta and our peers with respect to our framework for cross-border supervision. We thank ESMA, the EBA, and NCAs for their constructive engagement and support during this process and look forward to continuing to work together to improve and enhance authorisation and supervision processes for digital assets both in Malta and across the EU."*

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.

