

# **Overview of the Enforcement Work Carried Out by the MFSA in 2024**

The Malta Financial Services Authority (“MFSA” or the “Authority”) aims to ensure that all entities and/or individuals authorised to provide financial services, in or from within Malta, as well as those falling within its regulatory or supervisory remit remain compliant with the applicable EU and local financial services legislation and regulatory framework.

All entities regulated to provide financial services are subject to ongoing supervisory work undertaken through various onsite and desk-based supervision. By virtue of such, the MFSA continuously assesses the regulated entities’ compliance with all ongoing requirements applicable in terms of the financial services legislation and the regulatory framework. Individuals approved by the MFSA to carry out any approved positions within a licenced entity who are subject to the fitness and properness assessment are also reminded that they are required to satisfy such ‘fit and proper’ requirement on an ongoing basis.

This document summarises the work that has been carried out by the Enforcement Function within the MFSA in 2024.

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## Overview of Enforcement Investigations

The Enforcement Function is responsible for conducting investigations into potential breaches of financial services laws and/or regulations by entities and/or individuals authorised by the MFSA. Such potential breaches may be brought to the Enforcement Function’s attention through various sources such as by the public and also, by the supervisory functions within the Authority.

Further to the outcome of such investigations, should the Enforcement Function determine that there appears to be a breach of any financial services laws and/or regulations, a recommendation is made to the Authority’s decision-making body for any enforcement action to be imposed against the entities and/or individuals investigated. Prior to the recommendation to the decision-making body for the imposition of a regulatory action, the Enforcement Function ensures that such action would be deemed to be fair, proportionate, dissuasive and effective. By virtue of such regulatory actions, the MFSA intends to educate those subject to such action as well as, to deter future non-compliance.

The list<sup>1</sup> below includes an example of the regulatory actions which may be imposed on entities and/or individuals authorised by the MFSA and also, in cases relating to entities or individuals potentially offering financial services without having obtained the required authorisations by the Authority:

- [a] A public reprimand being issued on the MFSA's website or any other medium as may be deemed warranted;
- [b] The imposition of Directives (which may include restrictive Directives such as the ceasing of on-boarding new clients, transfer of assets, transfer of existing clients to other Licence Holders and/or other actions such as the engaging of a Qualified/Competent person);
- [c] Suspension of a licence (partially or full);
- [d] Removal or restriction of authorised individuals;
- [e] The imposition of an administrative penalty; and
- [f] Cancellation of a licence.

In 2024, the Enforcement Function had a total of 612 ongoing investigations<sup>2</sup> which had come to its attention through various sources. In the course of the supervisory work carried out by the Supervisory Functions, a substantial number of investigations were referred to the Enforcement Function relating to cases of non-submission of statutory documentation by regulated entities. As will be further highlighted below, investigations were also conducted which involved persons or entities, licensed or otherwise, suspected of undertaking licensable activities without having obtained the necessary authorisations. Other investigations included potential breaches whereby the Authority considered that the regulated entities in question appeared to not have adequate governance arrangements in place.

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<sup>1</sup> The list of regulatory actions included in this document is not exhaustive of all the actions that may be imposed by the Authority. Therefore, the Enforcement Function may recommend to the decision-making body other regulatory actions not included in this list.

<sup>2</sup> It should be noted that out of 612 ongoing investigations, in 2024, the Enforcement Function concluded 387 investigations.

**Figure 1: Investigations per Sector<sup>3</sup>**

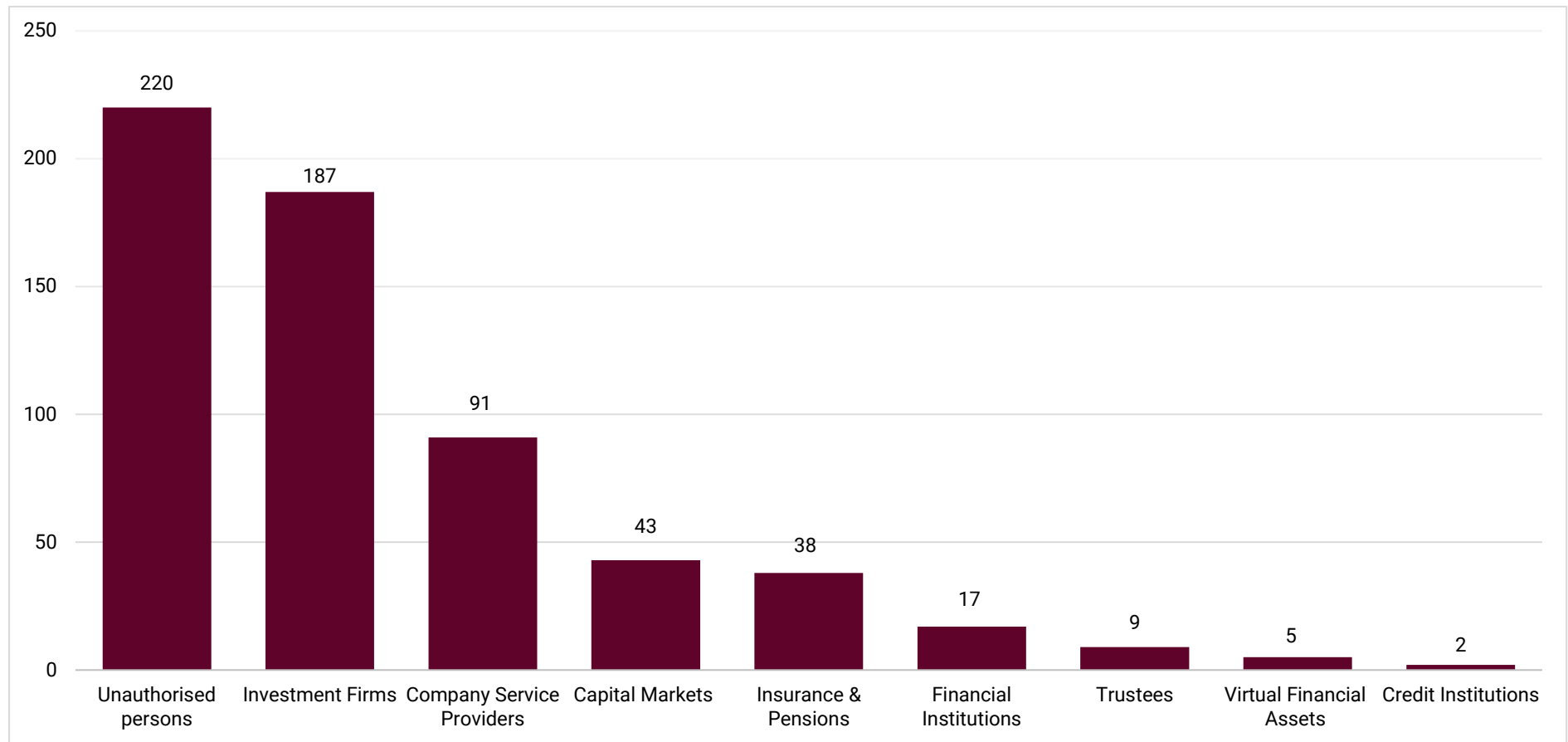
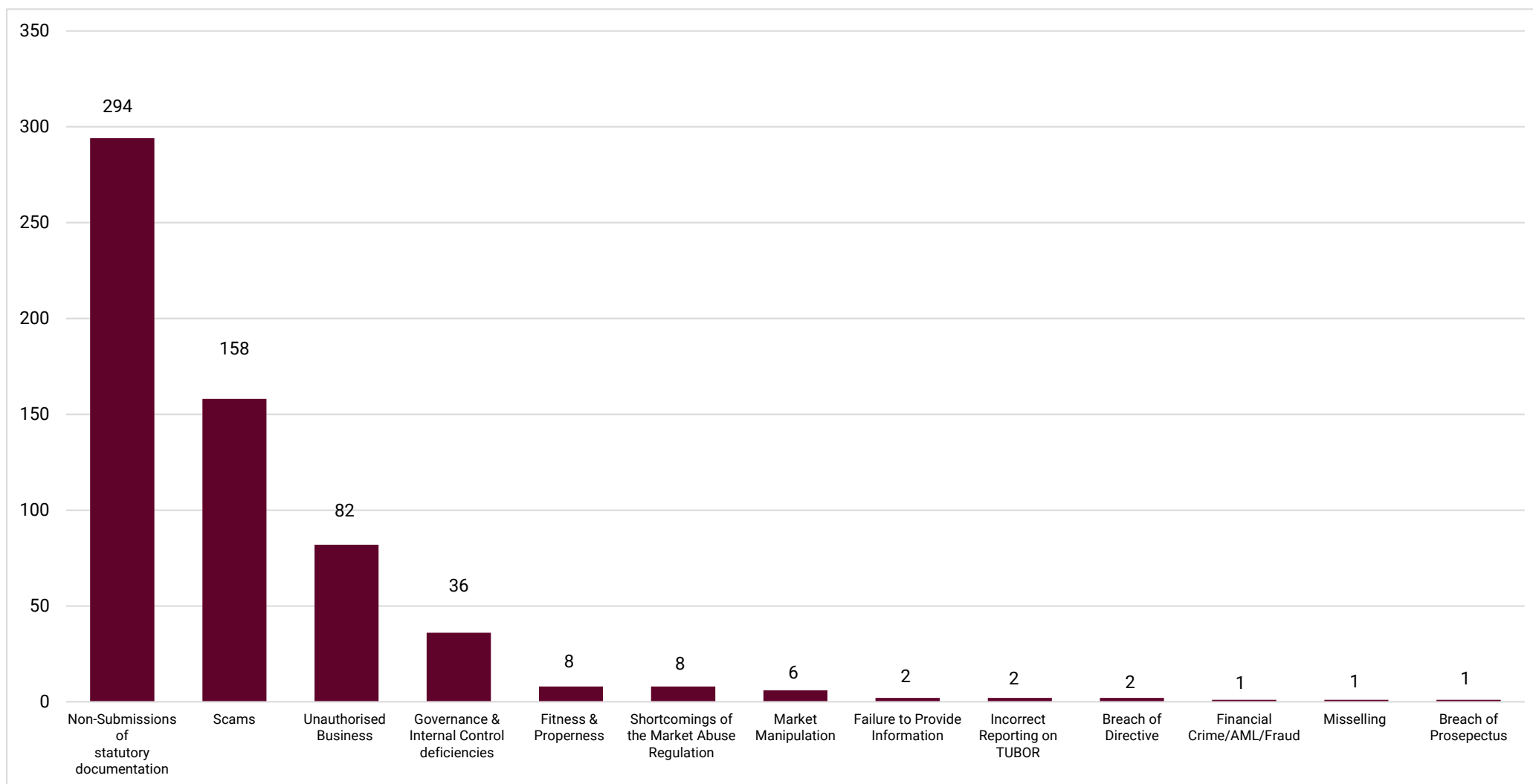


Figure 1 includes all investigations handled by the Enforcement Function in 2024 including those carried forward from previous years.

<sup>3</sup> When an authorised entity has been issued more than one authorisation by the MFSA, the investigation has been recorded against the activity being investigated. This data includes investigations carried out in relation to the non-submission of statutory documentation.

**Figure 2: Issues Identified & Investigated**



**Figure 2 – The issues outlined are those identified in 2024 by the Enforcement Function both in concluded investigations and, in investigations that were ongoing in 2024.**

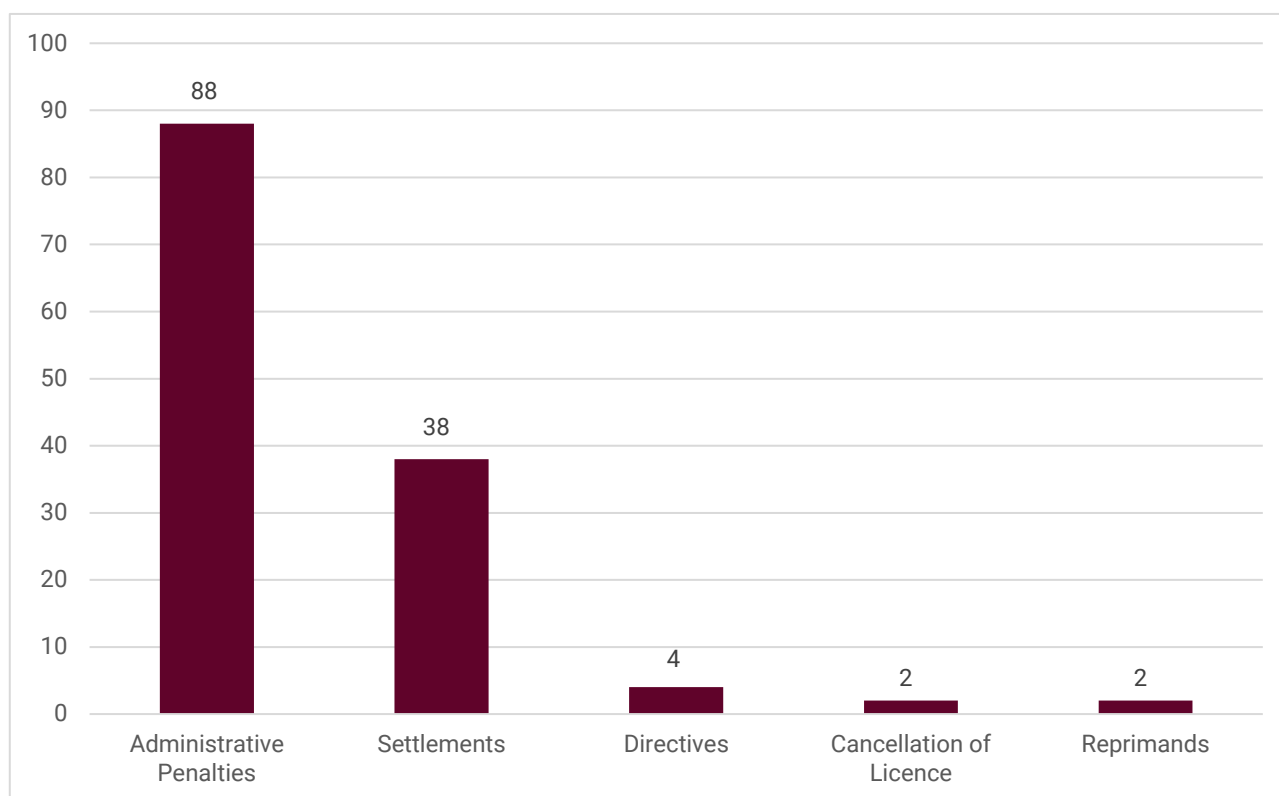
## Overview of Enforcement Actions

The scope of an investigation is to obtain a full understanding of the issues identified and determine whether an enforcement action is merited in the circumstances. It should be noted that following its analysis of all the evidence and circumstances of a case, the Enforcement Function may consider that no enforcement action is merited.

If, on the basis of the investigation, the Enforcement Function deems that it is appropriate, recommendations are made to the decision-making body of the Authority of what administrative measures should be taken by the MFSA.

The total sum of the penalties issued in 2024 amounted to €926,485, which included a total of 120 cases relating to non-submission of statutory documents and also, 38 cases in relation to which the Authority entered into a settlement agreement<sup>4</sup> with the respective Licence Holders. A total of 134 enforcement actions, as outlined in Figure 3 below, were imposed by the MFSA which can be viewed on the official website of the MFSA: [Administrative Measures and Penalties - MFSA](#) and [Settlement Notices - MFSA](#).

**Figure 3: Administrative Measures Imposed in 2024**



<sup>4</sup> The possibility of resolving investigations in the shortest time possible, by entering into Settlement Agreements, was provided for by the 'Settlement Policy' published by the Authority on 8 November 2022. In the interest of time, a settlement proposal letter is issued to the Investigated Person together with the Authority's minded position. However, the Settlement Policy provides Investigated Persons with the possibility to enter into settlement discussions from the moment they become aware that the Authority has commenced an investigation.

## **Publication of Administrative Measures**

When it comes to the publishing of administrative measures, the MFSA issues a public notice on its website, or such other media as may be deemed appropriate in the circumstances. The Authority established the process to be adopted when publishing any administrative measure imposed on an investigated person by means of the '*Administrative Measures & Penalties – Publication Policy*' ("Publication Policy"), which was published on 16 June 2023, with the last updated version being dated 4 December 2024.

The Publication Policy set out the principles and regime to be adopted when an enforcement action imposed by the Authority is being made public and, provided for the possibility of issuing a public notice on an anonymous basis. While the Authority continues to believe that the naming of sanctioned persons will raise greater awareness of the standards that should guide the activities and conduct of operators in the financial services industry however, if the circumstances specified in the Publication Policy exist, public notices can be issued anonymously. Mostly, the Authority issues an anonymous public notice when the administrative measures imposed are in relation to non-material breaches and an administrative penalty which does not exceed €30,000 has been imposed. The MFSA determined that, in these cases, publications would cause disproportionate damage to the entity or individual involved.

In cases where the Authority enters into a settlement agreement with an investigated entity or individual and the criteria for anonymity are duly satisfied, the notice is also made public on an anonymous basis. However, anonymity does not apply to cases that are appealed in front of the Financial Services Tribunal or where any judicial proceedings are instituted against the MFSA, given that the identity of the investigated person would have been made public during the proceedings.

As outlined in Figure 3 above, the Authority imposed a total of 134 administrative measures in 2024, which were made public on the MFSA's website through 129 public notices out of which 118 were issued anonymously.

## **Non-Submission of Statutory Documentation**

In 2024, the Authority continued to impose administrative penalties relating to non-submission of statutory documentation and 120 out of the 134 enforcement actions imposed in 2024 related to such breaches. These administrative penalties made up *circa* 40% of those issued last year.

The regulatory framework applicable to financial services entities stipulates various requirements for the submission of documents within set timeframes. The MFSA would like to reiterate that it places significant importance to timely reporting of such statutory documentation. Timely reporting of all submissions is of utmost importance for the MFSA to be able to carry out its supervisory work. This enables the Authority to understand whether licenced entities are complying with its rules. Authorised entities are required and expected to

take all reasonable measures to submit to the MFSA such documentation in a timely manner, irrespective of whether the relevant task has been delegated to other third-party service providers.

While the Authority has observed a decrease in the number of statutory documentations that were not submitted to the Authority within the stipulated timeframes for some financial services sectors however, for other sectors the numbers have remained the same. In 2024, the Enforcement Function continued to address these issues by imposing a considerable higher amount of enforcement action than the previous years.

**Figure 4: Penalties Imposed per Sector in relation to Non-Submission of Statutory Documentation**

Sectors	Total amount of € imposed
Investment Services	€124,258
Insurance & Pensions	€102,293
Company Service Providers	€66,749
Trustees	€29,400
Capital Markets	€21,500
Financial Institutions	€11,160
Virtual Financial Assets	€6,445

## **Unauthorised Business**

The MFSA is the competent authority in Malta responsible for granting authorisations to persons seeking to carry out financial services activities and is a key function in its gatekeeping role. In 2024, the Enforcement Function carried out 31 investigations relating to entities or individuals which appeared to be potentially providing financial services without being duly authorised by the Authority.

It was further concerning to note that 27 of these 31 investigations mainly related to the potential provision of company service provider services by entities or individuals without having obtained the necessary authorisation by the MFSA, as applicable, in terms of the Company Service Providers Act (Chap. 529 of the Laws of Malta) ("CSP Act"). Obtaining the necessary authorisation is of utmost importance as the Authority is responsible for the supervision of company service providers and ensures their compliance with the applicable legislative framework to ensure protection for the clients of persons carrying out such regulated activities. Company service providers are deemed to be gatekeepers to the financial system therefore, the MFSA's scrutiny of the company service providers is taken very seriously in view of the heightened risks which this sector may pose. The MFSA would like to draw attention to the recent amendments made to the CSP Act and reminds all entities or

individuals to ensure compliance with the current regulatory framework applicable to Company Service Providers.

The Enforcement Function shall continue to investigate entities and/or individuals in view of the potential provision of financial services without having obtained the necessary authorisation from the MFSA, in 2025.

## **Trusts Ultimate Beneficial Ownership Register**

The obligation to report accurate and complete information on the Trusts Ultimate Beneficial Ownership Register ("TUBOR") is crucial to enhance transparency, prevention of financial crime and to strengthen the financial system. In 2024, the Authority carried out several reviews and supervisory inspections to ensure that information on the TUBOR is accurate and up to date. In the carrying out of these checks, the Authority noted a positive improvement in the trustees' appetite to ensure that the beneficial ownership information reported on the TUBOR reflects a true picture of the trusts being administered. However, discrepancies and inaccuracies were still identified.

The most common finding related to timeliness of reporting of beneficial ownership information of trusts on the TUBOR as required by applicable legislation and regulations. These shortcomings were noted both in relation to the initial reporting of the declaration of beneficial ownership information submitted on the TUBOR, as well as with respect to the changes made thereafter. Another common shortcoming noted was the failure of trustees to submit the annual declaration on the TUBOR within the stipulated deadlines. In view of these errors, the Authority reminds trustees that the Trusts and Trustees Act (Register of Beneficial Owners) Regulations 2017 ("the Regulations") establishes timeframes for reporting of all beneficial ownership information on the TUBOR and which are to be adhered to.

Other common findings included erroneous reporting of beneficial ownership information on the TUBOR, mainly relating to beneficiaries. In a number of cases, it was noted that beneficiaries named in the trust instrument or letters of wishes were not reported on the TUBOR. Furthermore, errors were also found in the reported identification details of the beneficiaries. In addition, the Authority also noted several issues pertaining to the reporting of individual beneficiaries, classes of beneficiaries and of beneficiaries which have yet to receive a distribution, on the TUBOR.

Further to such checks, a number of investigations were carried out by the Enforcement Function relating to potential shortcomings by trustees, and in 2024, the Authority imposed 4 administrative penalties amounting to €28,800<sup>5</sup> in view of the failure of a number of trustees to adhere to their obligations in relation to the TUBOR. In 2025, the Enforcement Function continues to carry out its investigations in relation to other trustees in view of similar potential shortcomings.

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<sup>5</sup> The Authority entered into a settlement agreement with 2 trustees in relation to such cases.

Trustees are reminded of the importance of ensuring compliance with all legal and regulatory requirements including the reporting of adequate, accurate and complete beneficial ownership information on the TUBOR, and that such is reported within the timeframes stipulated by the Regulations. Trustees are referred to the '*Register of Beneficial Owners of Trusts Frequently Asked Questions*' issued by the MFSA on 21 June 2018 which provide further clarifications in relation to the beneficial ownership information which is to be reported on the TUBOR.

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