

# **General Code of Conduct for Decision Makers in the Financial Services Industry**

Enhancing Governance, Culture and Conduct

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# Revision Log

VERSION	DATE ISSUED	DETAILS
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# Introduction

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Decision Makers within organisations such as Board members, Executives, Senior Management and other individuals holding decision making responsibilities are expected to uphold a critical and essential responsibility to safeguard the interests of stakeholders while facing complex regulatory, ethical and operational challenges.

The financial services sector operates in a dynamic and highly regulated environment, requiring Decision Makers to uphold the highest standards of professionalism, integrity and accountability. To support this, the Malta Financial Services Authority has developed this Code of Conduct, aimed at enhancing the governance capabilities of such Decision Makers whether regulatorily approved or not. Decision Makers in these roles must balance diverse interests, consider risks carefully, maintain a commitment to ethical behaviour in all actions and show capability in handling challenging situations including those involving stakeholders and peers.

This General Code of Conduct serves:

1. As a fundamental cornerstone of integrity and accountability, introducing, core values to help steer Decision Makers within the Financial Services Industry.
2. As a foundational framework to guide Decision Makers in aligning their actions with the core principles of sound governance, ethical behaviour and regulatory compliance.
3. To clarify expectations and establish clear guidelines on responsibilities, decent conduct and performance standards to ensure consistent and accountable decision making.
4. To offer a basis for making responsible, well-informed decisions; promoting a culture of transparency and fairness.

By adhering to these values, Decision Makers not only ensure compliance with laws and regulations but also uphold the trust that clients, shareholders, employees and the broader community place in their decision making.

Given the wide range of entities within the financial services industry, this General Code does not aim to provide a rigid set of rules but emphasises five core values being: Integrity, Guiding Complex Decision Making, Accountability and Transparency, Commitment to Compliance and Legal Standards, Respect and

Fairness. It also encourages Decision Makers and all individuals involved in decision-making to adhere to this General Code, albeit in a manner that is commensurate with the nature of the decision being taken; to remain vigilant, continuously educating themselves on evolving regulatory expectations, best practices and emerging risks in the industry.

In this respect, by adhering and following this General Code, Decision Makers in the financial services sector:

1. Demonstrate their commitment to exemplary governance and responsible corporate conduct.
2. Will contribute to fostering a culture of trust, stability and resilience within the sector, reinforcing public confidence by encouraging such Decision Makers to act fairly and professionally in the best interests of clients and to remain vigilant whilst supporting the long-term success of their respective organisations.

The MFSA expects all Decision Makers to internalise and demonstrate adherence to the principles outlined in this Code by ensuring their conduct reflects the outlined values and objectives.

All Decision Makers of entities authorised, licensed or otherwise supervised by the MFSA and also of Listed entities are expected to apply this Code of Conduct as a best practice document. For this reason, the MFSA considers the level of adherence to this General Code of Conduct as an indicator of compliance culture when evaluating the conduct of the Entity's Decision Makers during regulatory inspections and other interactions with the MFSA; and when determining any sanctions or other regulatory measures to be applied, as may be required in terms of its powers at law. Given the wide range of entities falling within its scope, this Code's application is based on the principle of proportionality. Rather than providing a rigid set of rules, the Code is comprised of principles which Decision Makers are expected to follow.

This General Code of Conduct should not be deemed to override the applicable laws, regulations or rules which regulate Authorised Entities and Listed Entities, neither should it be considered or construed as advice or any other form of commitment on the part of the MFSA. Should a conflict arise between this Code and the applicable laws, regulations or rules, the respective laws, regulations, or rules are to prevail. Indeed, where more onerous/mandatory provisions are prescribed in the applicable regulatory framework, the more onerous/mandatory provisions are to apply. Furthermore, Decision Makers in the Financial Services Industry are also to refer to the General MFSA Corporate Governance Code and the

Code of Principles of Good Corporate Governance within the Capital Markets Rules and the Corporate Governance Manual for Directors of Collective Investment Schemes as applicable.

In structuring the General Code of Conduct, the Authority conducted a public consultation exercise and the views put forward by stakeholders were taken into consideration in devising this document.

## The Core Values



*"Building trust through integrity, navigating decisions with clarity, owning actions with transparency, upholding the law with unwavering commitment and fostering respect through fairness"*

### **1 Integrity**

- 1.1 Decision Makers shall act with integrity and ethically in the course of their respective duties and must adhere to high ethical standards in the conduct of their duties.

- 1.2 Decision Makers shall make honest and transparent decisions that are in the best interest of the Entity, Industry and Society in general.
- 1.3 All Decision Makers should be truthful and honest in all their communications, providing accurate and clear information to the MFSA, any other competent authority and all other stakeholders, to avoid any misrepresentation of financials, products, services or risks.
- 1.4 Decision Makers should take all the necessary steps to ensure that conflicts of interest are avoided. They must actively identify and promptly disclose any perceived and/or potential conflicts and implement steps and controls to mitigate any arising or existing conflicts of interest. A “conflict of interest” arises when an individual’s personal, financial, or other interests interfere with their ability to act impartially and in the best interests of their organisation. This Code does not attempt to describe all possible conflicts of interest which could develop, nor does it replace any other existing rules and regulations governing conflict of interest rules. However, these include but are not limited to personal relationships, financial interests or any external affiliations that could influence professional judgment.
- 1.5 Decision Makers must not take improper advantage of their position to gain, directly or indirectly, a personal advantage or an advantage for any associated person which this might cause.

## **2 Guiding Complex Decision-Making**

- 2.1 Decision Makers in the financial services industry shall lead by example by setting a high bar in terms of their own behaviours, which in turn encourages others to follow suit. They shall also demonstrate the values and ethics which are expected by the respective entity.
- 2.2 Decision Makers must navigate complex decisions by prioritising ethical integrity, informed analysis and stakeholder interests. Effective decision-making requires careful consideration of all affected parties, including shareholders, employees, clients, regulatory bodies and the industry as a whole, with an emphasis on long-term impacts.



- 2.3 Decision Makers must be prepared, if necessary, to express disagreement with colleagues, including the Chairperson, Chief Executive and other Decision Makers.
- 2.4 Decision Makers should gather comprehensive data, assess risks and benefits and consult independent experts when necessary to ensure decisions are well-informed and objective. Decision Makers should dedicate enough time to their commitments, ensuring that they allow themselves the necessary time to prepare before meetings.
- 2.5 In evaluating options, Decision Makers must embrace transparency, document the rationale and share relevant details with stakeholders as appropriate, especially when decisions have broad implications. Decisions should always comply with legal and ethical standards and Decision Makers should be prepared to revisit choices regarding principles communicated in this Code if new information raises ethical or legal concerns.
- 2.6 Decision Makers should strive to ensure that their responsibilities and duties have been clearly specified and are properly understood. A decision maker should be diligent in discharging their duties to the entity and must acquire a broad knowledge about its dealings and the statutory and regulatory requirements affecting its direction.
- 2.7 Should Decision Makers hold multiple roles in an entity, they have to be able to clearly distinguish between such roles.

### **3 Accountability and Transparency**

- 3.1 Decision Makers must be accountable for their actions and decisions while accepting responsibility for both successes and setbacks. Accountability encourages individuals to make decisions carefully and demonstrates a commitment to ethical governance.
- 3.2 Decision Makers should ensure a true and fair view of the financial position when presenting their Entity's financial statements. Furthermore, Decision Makers shall publicly present the Entity's

complete financial position and financial statements accurately, truly and fairly, in a timely manner.

- 3.3 With regards to the preparation of financial statements, a Decision Maker may not act in a way that may cause a material misstatement to or otherwise materially mislead any other stakeholder involved in the preparation of such financial statements.

## **4 Commitment to Compliance and Legal Standards**

- 4.1 Decision Makers must ensure full compliance with applicable laws, setting a strong example of integrity and responsibility.
- 4.2 Decision Makers shall remain informed on current regulations including but not limited to anti-money laundering (AML), data protection and anti-corruption measures and ensure robust compliance frameworks within the entity they represent.
- 4.3 In cases of non-compliance, Decision Makers are responsible for swift corrective actions and to immediately make the necessary disclosures to regulators or stakeholders on identifying an issue.
- 4.4 Decision Makers shall be committed to continuous improvement, remaining abreast of current and updated laws and regulations and updating compliance policies as regulations evolve. By fostering an environment of proactive compliance, Decision Makers safeguard the entity's reputation, protect stakeholders' interests and contribute to the financial industry's stability. In this respect, Decision Makers are encouraged to keep abreast with initiatives being taken in the local and international scenario for example in relation to the themes such as ESG, sustainable finance, artificial intelligence, cyber and digital risks.
- 4.5 Decision Makers shall maintain the confidentiality of information entrusted to them by the Entity they represent and any other confidential information about the Entity, its business, customers or suppliers, that may be in their possession, from whatever source, except when disclosure is authorised or legally mandated. For purposes of this General Code, "confidential information" includes

all non-public information relating to the Entity, its business, customers or suppliers.

## **5 Respect and Fairness**

5.1 Respect is fundamental to creating a collaborative and inclusive, culture within an entity and also in its relations with stakeholders and interest parties outside the Entity. Decision Makers shall treat all stakeholders, employees, clients, shareholders and community members with fairness and empathy. Respect entails valuing diverse perspectives and encouraging open dialogue and debate to foster well-rounded decision-making.

5.2 By demonstrating respect, Decision Makers help create an environment where individuals feel valued and motivated to contribute their best work. This value also requires sensitivity to cultural differences, ethical standards and individual rights; building trust and loyalty among stakeholders. Ultimately, respect strengthens relationships and promotes the entity's overall integrity and reputation.

## **Conclusion**

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This General Code of Conduct serves as a comprehensive guide for Decision Makers in the Financial Services Industry, grounded in five core values: Integrity, Guiding Complex Decision-Making, Accountability and Transparency, Commitment to Compliance and Legal Standards and Respect and Fairness. Upholding these values is essential to foster trust, stability and credibility within the entity and the broader financial sector.

Furthermore, it is the responsibility of the Board to ensure that employees are also aware of the main core values expressed in this Code.

By adhering to this General Code, Decision Makers commit to the entity's sustained success and positive impact on society and the financial services industry.

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