MFSA MALTA FINANCIAL SERVICES AUTHORITY

Circular

06 January 2026

Update on the Initiative to Strengthen the Sponsors' Regime

1. Context

Reference is made to the Malta Financial Service Authority's ("MFSA" or "Authority") initiative pertaining to Pillar III of its Capital Markets Strategy, namely that of strengthening the Sponsors' Regime. Following the publication of the latest Feedback Statement on the proposed legislative framework and Capital Markets Rules in relation to this initiative, the MFSA is pleased to note that the legislative process to implement the relevant legislative instruments has been duly concluded.

In this regard, stakeholders should refer to the following legal notices:

- Various Financial Services Laws (Amendment) Act, 2025 (Act No. XI of 2025) Commencement Notice – L.N. 300 of 2025 (the "Commencement Notice");
- Financial Markets (Fees) (Amendment No. 2) Regulations, 2025 – L.N. 301 of 2025 (the "Fees Regulations"); and
- Financial Markets Act (Sponsors) Regulations, 2025 – L.N. 302 of 2025 (the "Sponsors Regulations").

By virtue of these legislative instruments, the revised Sponsors' Regime therefore came into force on 1 January 2026. Further detail on the framework is provided in the following sections of this circular.

2. Legislative Framework

The Commencement Notice brings into effect the relevant sponsor-related provisions which were published as part of Act No. XI of 2025 - Various Financial Services Laws (Amendment) Act, 2025. These provisions seek to: [i] introduce a definition of "sponsor"; [ii] introduce a registration requirement for sponsors; [iii] empower the MFSA to approve, or otherwise (as competent authority) the registration of sponsors; [iv] empower the MFSA to cancel or suspend the registration of a sponsor; [v] empower the MFSA to subject a registration to such conditions it deems appropriate; [vi] require that the MFSA maintains a register of sponsors; and [vii] empower the MFSA to require information from sponsors.

The Sponsors Regulations seek to establish and regulate the key elements of the Sponsors' Regime, with further detail included in the Capital Markets Rules issued by the MFSA. The main provisions included in the Sponsors Regulations *inter alia* comprise: [i] the circumstances in which issuers are required to appoint a sponsor; [ii] the manner in which a sponsor must apply for registration with the MFSA; [iii] provisions on the refusal or granting of registration; [iv] the manner in which the MFSA shall notify a person applying for registration as a sponsor of its decision; [v] provisions on the variation of any registration conditions; [vi] the circumstances in which the MFSA may cancel or suspend registration; [vii] provisions pertaining to administrative penalties, other administrative measures and the right of appeal; and [vii] the reiteration of the power of the MFSA to issue Capital Markets Rules applicable to sponsors.

In addition, the revised Sponsors' Regime also triggered the introduction of new fees for sponsors. In this respect, the Fees Regulations have been amended to introduce fees for sponsors, both at application stage as well as on an ongoing annual basis. The adoption of a staggered model for the variable fee structure is based on the principle of proportionality, whereby sponsors handling a greater number of applications are subject to higher fees.

3. Capital Markets Rules

As detailed in the Consultation Document and corresponding Feedback Statement on the proposed amendments to the Capital Markets Rules within the context of the Sponsors' Regime, the Authority has undertaken a complete overhaul of Chapter 2 of the Capital Markets Rules, to focus on the three main features of the newly strengthened Sponsors' Regime, namely [i] eligible candidates, [ii] role definition, and [iii] organization and governance.

The revised Capital Markets Rules are available on the MFSA's website and may be accessed here.

4. Contact

Should there be any queries, do not hesitate to contact us on listings@mfsa.mt.