

9 April 2026

Circular on the Market in Financial Instruments Regulation ('MiFIR'/ the 'Regulation') and the accompanying Markets in Financial Instruments Directive 2014/65/EU ('MiFID II')

- Observations from Supervisory Meetings Held in 2023 and 2025 in relation to MiFIR and MiFID II

This circular is being addressed to all market participants falling within scope of Markets in Financial Instruments Directive ("MiFID II") and Markets in Financial Instruments Regulation ("MiFIR"), particularly entities which are subject to the transaction reporting requirement, including investment firms, credit institutions providing investment services and/or performing investment activities (hereinafter collectively referred to as the '*Investment Firms*').

This Circular should be read in conjunction with the Regulation, its Delegated and Implementing Regulations, Guidelines and Question and Answer Documents on MiFIR issued by the European Securities and Markets Authority ('ESMA') and previous circulars issued by the Authority, as the case may be.

1. Overview

Both in 2023 and 2025, the Malta Financial Services Authority ('MFSA'/the 'Authority') held supervisory meetings with a number of licensed investment firms focusing on regulatory obligations arising under MiFIR.

These engagements formed part of the Authority's ongoing supervisory work in assessing firm's implementation or, and adherence to, the requirements stemming from MiFID II, MiFIR and the respective delegated legislation.

The purpose of this Circular is to inform stakeholders of the matters addressed during these supervisory engagements and to outline the key observations and recommended practices identified by the Authority in relation to compliance with the applicable regulatory obligations.

This Circular outlines the Authority's findings on how entities have sought to comply with the requirements emanating from MiFID II/MiFIR. Stakeholders are reminded that any indications or clarifications provided herein should not, in any manner, be construed as legal or regulatory advice or interpretation. The responsibility to ensure that the company complies with applicable laws and regulations, and that its policies and procedures remain kept up-to-date, rests solely with the company's Board of directors.

Furthermore, this Circular reflects the MFSA's position as at the date of publication and is subject to any amendments or clarifications that may be issued by ESMA or other European bodies from time to time.

2. Key Topics Discussed

During the supervisory meetings held with investment firms, the Authority discussed the following key topics:

- The timing of Financial Instruments Reference Data ('FIRDS');
- The reporting of primary transactions;
- The timeliness of transaction reports' submission;
- The trade timestamp of transactions;
- Trading capacity; and
- Trading venue transaction identification code. (TVTIC)

3. General Findings

From the supervisory meetings carried out the Authority noted that most of the companies engaged had generally implemented adequate measures as required under the Regulation, to ensure prompt and accurate reporting of transactions in financial instruments in accordance with Article 26 of MiFIR. Nevertheless, the Authority identified instances where certain transaction-report fields were incorrectly populated or where submissions were delayed. These findings are outlined in more detail in the following sections.

3.1 The timing of Financial Instruments Reference Data ('FIRDS')

Pursuant to Article 27 of MiFIR, trading venues are required to submit to ESMA the relevant identifying reference data for the purpose of transaction reporting under Article 26 of MiFIR, in respect of financial instruments admitted to trading on a regulated market or traded on an MTF or an OTF. In this context, the Authority clarified that a trading venue is obliged to transmit the corresponding reference data to ESMA immediately upon the admission of a financial instrument to trading.

During the discussions, stakeholders noted that this requirement occasionally gives rise to operational challenges when submitting transaction reports for the first time in relation to newly admitted financial instruments. Specifically, entities reported that the file submitted to the MFSA may be rejected where the International Securities Identification Number (“ISIN”), as reported in Field 41 of RTS 22, cannot yet be validated because the relevant reference data is not available in ESMA’s Financial Instruments Reference Data System (FIRDS).

This situation arises, because the regulatory framework provides that (i) the transaction reporting obligation applies, inter alia, to financial instruments for which a request for admission to trading has been made, whereas (ii) reference data under Article 27 of MiFIR is required to be submitted by the trading venue only once the instrument has actually been admitted to trading. Consequently, for newly admitted instruments, a temporal misalignment may occur between the point at which the reporting obligation becomes applicable and the point at which the corresponding reference data is made available in FIRDS, resulting in initial submission rejections.

Furthermore, during the supervisory engagements, several investment firms informed the Authority of instances in which transaction reports were rejected due to incorrect or outdated reference data contained in ESMA’s FIRDS register. Entities explained that, although the correct ISIN was included in their submission, the report was nonetheless rejected because the ISIN reflected in the FIRDS did not correspond with the one reported. Such situations may arise, where the FIRDS database has been populated or updated in a manner that does not fully align with the requirements of Article 27 of MiFIR.

The Authority encourages investment firms to promptly notify it upon identifying any instances of incorrect ISIN data within FIRDS. Upon receiving such notifications, the Authority will liaise with the local trading venue in relation to potential inaccuracies concerning domestically listed financial instruments. Where the matter concerns financial instruments admitted to trading on foreign trading venues, the Authority will engage with the National Competent Authority responsible for supervising the trading venue that may have submitted the underlying reference data.

3.2 The Timeliness of Transaction Reports’ Submission

In terms of Article 26(1) of MiFIR, investment firms which execute transactions in financial instruments are required to report complete and accurate details of such transactions to the competent authority as quickly as possible, and no later than the close of the following working day.

The obligation laid down in paragraph 1 applies to the following financial instruments irrespective of whether the transactions is executed on a trading venue:

- a) Financial instruments admitted to trading or traded on a trading venue or for which a request for admission to trading has been made;
- b) Financial instruments where the underlying is a financial instrument traded on a trading venue; and

- c) Financial instruments where the underlying is an index or a basket composed of financial instruments traded on a trading venue.

The reports referred to in paragraph 1 shall be submitted to the competent authority by the investment firm, by an Approved Reporting Mechanism ('ARM') acting on its behalf or by the trading venue through whose system the transaction was executed.

In this regard, where an investment firm transaction reports directly to the competent authority, it retains full responsibility for ensuring the completeness, accuracy, and timely submission of all such reports.

Where transaction reports are submitted on behalf of an investment firm by a third party, the investment firm remains obliged to take all reasonable steps to verify the completeness, accuracy, and timeliness of those reports, in line with its regulatory obligations under MiFIR and the applicable implementing technical standards.

The Authority notes that the vast majority of investment firms engaged during the supervisory meetings confirmed that transaction reports are submitted directly to the MFSA by the firms themselves, and that no ARM has been appointed to report on their behalf.

As part of its ongoing off-site supervisory activities, the Authority conducts regular monitoring of the timeliness of transaction report submissions. In preparation for the supervisory meetings, the MFSA undertook an off-site review of the transaction reports submitted by supervised entities in respect of transactions executed between January 2022 and October 2023, followed by a similar exercise covering the period February 2025 to October 2025.

During the period covering 2022 and 2023, significant divergences were observed across investment firms with timely-submission rates ranging from approximately 40% to 99%, and an overall average of 67% of transactions being reported within the prescribed deadlines. The subsequent 2025 analysis indicated, improvements, reflected in a reduction in the proportion of late submissions.

To complement this assessment, representatives of the respective entities were invited to review a selection of transactions identified by the Authority as potentially not submitted within the required timelines.

In light of the aforementioned findings, the Authority is setting out a set of Best Practices intended to support investment firms in strengthening their governance arrangements, enhancing timeliness and transparency, and ensuring full alignment with the applicable regulatory requirements.

Best Practice

- ✓ The Authority notes the **persistently high proportion of transactions reported beyond the prescribed regulatory deadline, and wishes to draw the industry's particular attention to the importance of timely transaction report submissions.**
- ✓ The MFSA reminds investment firms that they are required to maintain effective systems, controls, and oversight arrangements to ensure that all transaction reports are submitted **no later than the working day following the execution**, as mandated under MiFIR.
- ✓ In view of the current high levels of late-reporting, the Authority expects investment firms to assess the adequacy of their internal processes and to address any deficiencies without delay in order to ensure full compliance with the applicable reporting timelines.

3.3 The Trade Timestamp of Transactions

Pursuant to ESMA's Guidelines on transaction reporting, order record keeping and clock synchronisation under MiFID II (the 'Guidelines'), and in particular Section 5.13 , the trading date and time reported must reflect the precise point in time at which the transaction is concluded and the parties become irrevocably committed to its terms.

For the purposes of completing Field 28 (Trading Date Time), the timestamp should not be rounded, and the level of granularity must comply with the requirements set out in Field 28 of Table 2 of Commission Delegated Regulation (EU) 2017/590.

Furthermore, Section 7.3.2 of the Guidelines specifies that, while timestamps may be maintained internally in local time, data submitted to the competent authority must be converted to Coordinated Universal Time (UTC) at the point of reporting.

In view of the above, and following the Authority's review of a sample of transaction reports submitted by the relevant entities for transactions executed between January and November 2023, two recurring issues were highlighted during the supervisory meetings:

1. **Use of local time instead of UTC:** Several reports appeared to have been submitted using the local time zone rather than UTC, contrary to the requirement set out in the Guidelines.
2. **Timestamp discrepancies between market-side and client-side submission:** An analysis of corresponding reports submitted by the Malta Stock Exchange ("MSE") and by the respective investment firms revealed discrepancies - typically several seconds - between the timestamps reported for the same transaction. Such

differences adversely affect the Authority's ability to reconcile and consolidate transaction data for supervisory purposes.

To address these issues, the MFSA expects investment firms to implement the measures outlined below.

Best Practice

✓ **Conversion of timestamps to UTC:**

Investment firms may maintain timestamps internally in local time: however, prior to the submission of transaction reports to the MFSA, firms must ensure that execution times are accurately converted into UTC. Firms are therefore expected to establish and maintain robust systems, controls, and procedures that ensure the correct and consistent conversion of local timestamps to UTC at the reporting stage.

3.4 Trading Capacity

The Authority also held discussions concerning the population of the Trading Capacity field, reported under Field 29 of Table 2 in Annex I to [Commission Delegated Regulation \(EU\) 2017/590 \(RTS 22\)](#). This field captures the capacity in which an investment firm is acting when executing a transaction.

Accurate and consistent reporting of Trading Capacity is essential for distinguishing proprietary activity from client-related trading and for enabling the Authority to conduct effective market monitoring and supervision. The correct designation of capacity is fundamental to identifying the nature of the transaction and the responsibilities of firm. The Authority reminds firms that this field must be populated in a manner that reflects, and is fully aligned with, the firms' authorisation.

Following an internal review of the data submitted to the Authority, certain possible inconsistencies were identified in the reporting of this field. In particular, it appears that, in certain instances, the trading capacity reported may not align with, or may fall outside the scope of, the authorisations held by the respective firm

The Authority will undertake further bilateral reviews and supervisory engagement with the entities concerned to analyse these discrepancies in greater detail and to determine the underlying causes.

The Authority is bringing this matter to the attention of licence holders to promote greater awareness and to support consistent and accurate reporting. Firms are encouraged to review their internal controls and reporting processes to ensure that the Trading Capacity

field is completed in line with their authorisations and with the applicable regulatory reporting requirements.

3.5 Trading Venue Transaction Identification Code (TVTIC)

As part of a separate supervisory review, the Authority also engaged with investment firms on matters relating to the reporting of the Trading Venue Transaction Identification Code (TVTIC).

These discussions focused on assessing the consistency and accuracy with which entities populate the relevant field in accordance with the requirements set out in MiFIR and [Commission Delegated Regulation \(EU\) 2017/590 \(RTS 22\)](#).

Field 3 of Table 2 (TVTIC) constitutes a key element of the transaction reporting framework established under Article 26 of [MiFIR](#) as it captures the unique transaction identifier assigned by the trading venue for transactions executed on that venue.

While feedback gathered during supervisory engagements did not indicate significant operational challenges in the reporting of the TVTIC, the Authority's outreach has identified certain differences in how this field is currently being interpreted and populated. These observations suggests that further clarification and review may be warranted.

In light of the above, and following an internal review of the data submitted, the Authority will continue to analyse these matters through its ongoing supervisory processes, outside the scope of this Circular.

4. Concluding Remarks

The findings and 'best practices' outlined in this Circular reflect the feedback provided by the Authority to investment firms, following the supervisory meetings held in 2023 and 2025.

Notwithstanding that MiFIR has been in force since 2018 and in view of the extensive body of MFSA circulars, communications, and supervisory engagements issued and undertaken over the years, the Authority notes that material shortcomings in firms' reporting practices continue to persist.

Given the maturity of the regulatory framework and the repeated clarifications previously communicated, the Authority expects all investment firms to have established robust and effective arrangements, controls, and procedures that ensure full, accurate, and timely compliance with their MiFIR transaction reporting obligations. Going forward, the Authority will take these expectations into account in the exercise of its supervisory functions and, where necessary, its enforcement powers.

Contact

Should you have any queries in relation to the above, kindly contact the Authority on MarketInfrastructures@mfsa.mt.