

30 April 2026

Various Amendments to the Investment Services Rulebooks for the Purposes of Directive 2024/927(EU)

1. Purpose

Reference is made to the [Consultation Paper](#) issued on 20 October 2025 regarding the transposition and implementation of [AIFMD II and UCITS VI](#), and the [Circular Providing Clarifications on Liquidity Management Requirements introduced under AIFMD II and UCITS VI](#) issued on 10 April 2026.

Whilst the amendments to the primary and secondary legislation, and MFSA application forms are ongoing, this Circular describes briefly and specifies the salient amendments made to various Investment Services Rulebooks and related documentation to partially implement and transpose the [AIFMD II and UCITS VI](#). Furthermore, there is a section on the applicability of the [ELTIF Regulation](#) in relation to NAIFs.

The full details can be found in the Investment Services Rulebooks published alongside this circular.

2. Investment Services Rules for Fund Managers Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMs

Amendments to Part BIII of the above-mentioned rulebook to introduce a series of changes related to the scope of activities, governance, risk management and supervisory framework applicable to AIFMs.

Ancillary Services

The scope of permitted activities has been expanded through amendments to SLC 1.03, to include loan origination and the servicing of securitisation special purpose vehicles. In addition, the MFSA has exercised the option to extend the list of ancillary services, as reflected in SLC 1.04, which now include benchmark administration, credit servicing and other AIF-related functions, subject to the appropriate management of conflicts of interest and restrictions on stand-alone authorisations.

Enhanced Dual Control Requirements

Governance and substance requirements have been strengthened through amendments to SLC 1.16, introducing enhanced dual control requirements, requiring at least two natural persons who either are employed full-time or are executive members or members of the management body of the management company committed full-time to conducting the business of that company, and who are domiciled in the European Union. These amendments reinforce the requirement for adequate substance and effective management.

In the Consultation Paper, reference was made to “senior management”, however, the MFSA is now shifting to a more flexible approach. AIFMs, UCITS management companies, self-managed AIFs, and self-managed UCITS shall determine their own organisational structure, provided that they meet the aforementioned requirements, with individuals performing PQable functions remaining subject to the existing PQ approval framework, while non-PQable roles will instead require a Board declaration confirming that the individuals meet the applicable reputation and experience criteria.

Liquidity Management Tools

A harmonised liquidity management framework is introduced through amendments across Section 2 of the Rulebook, requiring Licence Holders to select and disclose in fund documentation at least two liquidity management tools from a prescribed list in SLC 2.16, appropriate to the fund’s investment strategy, liquidity profile, and redemption policy.

In this regard, the MFSA clarifies that the suspension of subscriptions, repurchases and redemptions, as well as the use of side pockets, constitute available liquidity management tools for both AIFMs and UCITS Management Companies. While their use is limited to exceptional circumstances, these tools may be applied concurrently, where appropriate and justified in the interests of investors, in line with the applicable EU framework and ESMA Guidelines. Their combined use is not precluded, provided that such use remains proportionate and supported by a clear assessment of the prevailing circumstances.

Accordingly, AIFMs and UCITS Management Companies are required to assess and reflect the potential applicability of both suspensions and side pockets within the Offering Documentation and, where necessary, the Constitutional Documents. Any amendments required in this regard shall be notified to the MFSA through the email address: ausecurities@mfsa.mt.

Notification obligations to the MFSA are also introduced in respect of the activation and deactivation of liquidity management tools. Such notifications shall be submitted to the MFSA through the email address: funds@mfsa.mt.

Outsourcing

Delegation and supervisory oversight are reinforced through amendments to SLC 4.04, by prohibiting letter-box arrangements, confirming full liability of the Licence Holder across all delegated functions, and enhancing oversight of third-party-initiated structures. The depositary framework is also refined through amendments to SLC 5.01, including stricter eligibility criteria, enhanced safeguards for third-country depositaries and limited transitional derogations.

Loan Origination

A dedicated loan origination framework is introduced through a new Section 12, establishing concentration limits, leverage caps, risk-retention requirements, enhanced investor protection and conflict-of-interest safeguards, together with restrictions on certain lending strategies and a default closed-ended structure.

The MFSA has not exercised the option to allow AIFs to grant loans to consumers in Malta, as reflected in SLC 12.07, irrespective if the AIF is established in another EU Member State and marketed in Malta.

Where an AIF is authorised as an ELTIF, the AIF may be marketed to retail investors as long as it satisfies the requirements of the ELTIF Regulation, naturally subject to the applicable authorisation.

A transitional provision, set out in SLC 12.11, applies to AIFMs managing AIFs engaging in loan origination prior to 16 April 2026, allowing them until 16 April 2029 to comply with the new requirements.

3. Investment Services Rules for AIFs Part B: Standard Licence Conditions applicable to AIFs

The provisions outlined below reflect those set out in the Investment Services Rules for Fund Managers Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMs.

Ancillary Services

The scope of permitted activities of self-managed AIFs has been widened through amendments to SLC 8.01.

Loan Origination

A dedicated loan origination framework is introduced in SLCs 8.95 to 8.105. The MFSA will not be allowing AIFs to originate loans to consumers in Malta. The definition of “consumer” is taken from Article 3(a) of [Directive 2008/48/EC](#) (Consumer Credit Directive), which defines a consumer as a natural person acting for purposes outside his trade, business or

profession. Consequently, EU AIFs will also be prohibited from originating loans to consumer in Malta.

Where the AIF is authorised as an ELTIF, it may be marketed to retail investors. This reflects the interaction between the AIFMD II loan origination framework and the revised ELTIF regime, which provides a harmonised structure for such activities.

SLC 8.105 allows self-managed AIFs engaging in loan origination prior to 16 April 2026 until 16 April 2029 to align with the applicable loan origination requirements.

4. Investment Services Rules for Fund Managers Part BII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as UCITS ManCos

Ancillary Services

The scope of permitted non-core services for UCITS Management Companies is widened through amendments to SLC 1.02, to include the reception and transmission of orders and benchmark administration. In this regard, the MFSA has exercised the option to extend the list of permitted non-core services, subject to applicable conflict-of-interest safeguards.

Enhanced Dual Control Requirements

SLC 1.10 enhances dual control requirements, mandating at least two full-time, EU-resident individuals to effectively direct the business, aligned with the framework set out in the Investment Services Rules for Fund Managers Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMs.

Outsourcing

Amendments to SLC 4.05 strengthen oversight of delegation and sub-delegation arrangements, reinforce safeguards against letter-box structures, and align the supervisory framework with that applicable in the Investment Services Rules for Fund Managers Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMs.

5. Investment Services Rules for Retail CIS: Part BII – Malta based Retail UCITS Collective Investment Schemes

Liquidity Management Tools

New SLCs 12.26 to 12.30 introduce a harmonised framework for liquidity management, aligned with the approach set out under the Investment Services Rules for Fund Managers Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMs. SLCs 12.6 to 12.6B introduce UCITS-specific requirements governing redemption and repurchase conditions, including the circumstances for

suspension and the use of liquidity management tools, together with enhanced investor protection safeguards applicable to retail schemes. Reference should also be made to the MFSA's clarification on side-pocket policy as outlined above.

Enhanced Dual Control Requirements

SLC 16.2 enhances dual control requirements, requiring at least two natural persons who either are employed full-time or are executive members or members of the management body of the management company committed full-time to conducting the business of that company, and who are domiciled in the European Union. These amendments reinforce the requirement for adequate substance and effective management, aligned with the framework set out under the Investment Services Rules for Fund Managers Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMs.

In the Consultation Paper, reference was made to "senior management", however, the MFSA is now shifting to a more flexible approach. AIFMs, UCITS management companies, self-managed AIFs, and self-managed UCITS shall determine their own organisational structure, provided that they meet the aforementioned requirements, with individuals performing PQable functions remaining subject to the existing PQ approval framework, while non-PQable roles will instead require a Board declaration confirming that the individuals meet the applicable reputation and experience criteria.

Delegation Reporting

SLC 16.2B introduces requirements for self-managed schemes to provide the MFSA with detailed information on delegation and sub-delegation arrangements, including delegate identities, scope of delegated functions and oversight measures.

Prior Notification Requirements

SLC 16.2C introduces a prior notification obligation requiring self-managed schemes to inform the MFSA of any material changes to the conditions for initial authorisation before implementation.

Outsourcing

Amendments to SLC 16.10 strengthen oversight of delegation and sub-delegation arrangements, reinforce safeguards against letter-box structures, and align the supervisory framework with that applicable in the Investment Services Rules for Fund Managers Part BIII: Standard Licence Conditions applicable to Investment Services Licence Holders which qualify as AIFMs.

Disclosure and Reporting

New SLCs 16.32 to 16.35 introduce a dedicated information disclosure framework for self-managed UCITS, strengthening reporting and supervisory transparency. The provisions

require regular reporting on portfolio composition, market exposures, liquidity, risk profiles, stress testing and delegation arrangements, and facilitate the sharing of such information with the MFSA and relevant authorities to support supervisory cooperation, financial stability monitoring and investor protection. ESMA will be developing specific technical standards on the specifications of this reporting.

6. Investment Services Rules for AIFs Part B Appendix 4 – Contents of the Offering Document

Periodic investor disclosure obligations are increased through SLC 6.05, to include, in addition to existing liquidity and risk disclosures, the composition of originated loan portfolios, annual disclosure of all investor-borne fees, charges and expenses, and details of any parent undertakings, subsidiaries or SPVs used in connection with the AIF's investments.

7. Investment Services Rules for AIFs Part B Appendix 8 – Disclosure and Transparency Requirements

SLC 3.04 has amended regulatory reporting obligations to require more detailed reporting on the AIF's risk profile, including leverage, increased disclosure on delegation and sub-delegation arrangements, and additional information on asset composition, stress testing, and the Member States in which the AIF is marketed.

8. Investment Services Rules for AIFMs Part B Appendix 13 – Transparency Requirements

Amendments to SLCs 3.01, 3.05, 4.02 and 4.03 strengthen disclosure and reporting obligations to enhance transparency to investors and the MFSA. In particular, SLC 3.01 expands pre-investment and ongoing disclosures, including those relating to liquidity risk, redemption rights and the use of liquidity management tools, as well as fees, charges and expenses. SLC 3.05 enhances periodic investor disclosures, including information on originated loan portfolios, fees and expenses, and the use of group structures or SPVs.

Supervisory reporting is further strengthened through amendments to SLCs 4.02 and 4.03, requiring more detailed reporting on instruments traded, market exposures, risk profiles including leverage, delegation arrangements, stress testing, asset composition, and the Member States in which AIFs are marketed, together with identifiers linking AIFs, assets and Licence Holders.

9. Part A for Notified AIFs

Changes to implement the ELTIF Regulation

SLC 2.07 is amended to implement the ELTIF Regulation. It states that the AIFM may establish the Notified AIF as an ELTIF in accordance with the ELTIF Regulation, and may use such designation when marketing the fund within the European Union. However, the granting of ELTIF status and any related marketing activities are subject to obtaining additional authorisation from the MFSA, following the submission of the required ELTIF documentation and information.

Changes to transpose and implement the AIFMD II

Amendments to SLC 2.08 introduce a prohibition on NAIFs granting loans to, or servicing credit agreements for, consumers within Malta. An exception is provided under SLC 2.07 where the NAIF is established as an ELTIF, in which case it may be marketed to retail investors in accordance with the applicable framework. SLC 2.04 allows existing NAIFs until 16 April 2029 to align with AIFMD loan origination requirements.

10. Part A for ISPs

Additional ancillary services for AIFMs and UCITS Management Companies are set out in R4-4.2.2 and R4-4.2.10, respectively. These are implemented in line with the frameworks set out under Part BIII for AIFMs and Part BII for UCITS Management Companies, respectively, as described above. These include benchmark administration, loan origination, servicing of securitisation SPVs and other ancillary functions, subject to applicable conflict-of-interest safeguards.

11. Investment Services Rules for RCIS Part B: Appendix I - Contents of the Prospectus

Prospectus disclosure requirements on redemptions, as amended in point 1.13 of Annex II, require disclosure of both the circumstances in which repurchases or redemptions may be suspended and when other liquidity management tools may be activated.

12. Investment Services Rules for PIFs

SLC 1.106 of Part BI, SLC 1.79 of Part BII, and SLC 1.81 of Part BIII, introduce a transitional provision, requiring schemes engaging in loan origination to comply with the Loan Funds Rules until 15 April 2029. Following this date, the applicable provisions from Appendix I Supplementary Conditions for PIFs shall apply, in line with the provisions of the AIFMD II and the relevant RTSs.[are we aligning everything with AIFMD II and the related RTS?]

13. Investment Services Rules for PIFs Part B Appendix I Supplementary Licence Conditions

SLC 4.26 introduces transitional provisions allowing PIFs engaging in loan origination prior to 16 April 2026 until 16 April 2029 to align with the applicable requirements, after which the AIFMD II framework will apply.

14. Standard Licence Conditions Applicable to Collective Investment Schemes authorised to invest through loans

This Rulebook will cease to apply to new funds as of 15 April 2029. Loan-originating funds established prior to that date will, need to align with the provisions of the AIFMD II loan fund provisions as transposed in the relevant Rulebook, depending on their licence, as explained in this Circular.

15. Investment Services Glossaries

The AIF Glossary is updated to include definitions of Professional Investor, Capital of the AIF, Loan Originating AIF, Loan Origination or Originating a Loan and Shareholder Loan, while the PIF Glossary is updated to include Loan Originating PIF and Loan Origination or Originating a Loan.

16. Investment Services Rules for Fund Managers Part B Appendix 11 – Supplementary Conditions on Risk Management, Counterparty Risk Exposure and Issuer Concentration

A transitional provision is introduced in SLC 2.05, requiring Licence Holders managing schemes established prior to 16 April 2026 and already applying liquidity management tools to align with the applicable Delegated Regulation and ESMA Guidelines on LMTs by 16 April 2027.

17. Other Amendments

In addition, Part A for AIFs and Part BIV for depositaries are amended to ensure greater consistency in terminology. R3-3.5.2.3 of Part A now refers to “professional investors” instead of “professional clients” in line with AIFMD II, while Part BIV adopts the term “depositaries” in place of “custodians” throughout, in anticipation of the ongoing revisions to SL 370.32.

As per the options available under AIFMD II, the MFSA has taken the decision to permit the appointment of a depositary established in another EU Member State as introduced by the

AIFMD II in Article 21, subject to a reasoned request, namely, that there is a lack of depositary services in Malta that are able to meet effectively the needs of the AIF having regard to its investment strategy. The detailed implementation of this measure will be affected through the forthcoming amendments to SL 370.32. The MFSA will consider such requests on a case-by-case basis.

The MFSA has removed the existing Side-Pocket Policy for Collective Investment Schemes, as the use of side pockets is now incorporated as a liquidity management tool within the relevant Rulebooks, including Part B, Part BIII, and Part BII for UCITS and UCITS Management Companies. The disclosure requirements relating to side pockets are retained in Appendix I – Supplementary Conditions for PIFs. through the LMT Rules

Other editorial, grammatical, and cosmetic amendments which do not have a material impact have been carried out.

18. Conclusion

The revised Rulebooks enter into force on the day following the publication of this circular.

Should you have any queries on the contents of this circular, please contact the Investment Services Supervision Function on isspolicy@mfsa.mt.