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MFSA Launches Discussion Paper on Decentralised Finance to Support Malta's Next Generation Financial Services Framework

Authority Invites Stakeholder Feedback on Emerging DeFi Technologies, Governance Models and Regulatory Considerations

The Malta Financial Services Authority (MFSA) has published a [Discussion Paper](#) on Decentralised Finance (DeFi), launching a public consultation process aimed at fostering informed dialogue on the opportunities, challenges and regulatory considerations associated with this rapidly evolving sector.

Supporting the Future of Digital Finance

Building on Malta's experience as one of the first jurisdictions to establish a comprehensive regulatory framework for crypto-assets, the Discussion Paper explores how decentralised finance may shape the future of financial services and how regulatory approaches may evolve alongside technological innovation.

The publication seeks to contribute to ongoing discussions surrounding the development of DeFi within the European regulatory landscape, including considerations arising from the Markets in Crypto-Assets Regulation (MiCA).

Exploring Emerging DeFi Models and Technologies

The [Discussion Paper](#) examines a number of emerging concepts and developments within the DeFi ecosystem, including:

- The interaction between DeFi and MiCA
- Software-based organisational models and decentralised governance structures
- The potential application of Segregated Cell Company structures within DeFi ecosystems
- Guardian Agents as embedded risk management and market integrity mechanisms
- Account Abstraction and its implications for governance, compliance and user interaction

The paper also considers how innovation can be supported whilst addressing challenges relating to accountability, operational resilience, consumer protection and financial crime risks.

Shaping the Future of Decentralised Finance

The publication of this [Discussion Paper](#) marks the beginning of a broader dialogue on the future of decentralised finance and its role within the evolving financial services ecosystem.

Many of the topics explored in the paper, including decentralisation, governance, accountability and the application of existing regulatory frameworks to emerging technologies, are currently the subject of discussion at both European and international level. Through this initiative, the MFSA is seeking to contribute meaningfully to these discussions while ensuring that Malta remains at the forefront of regulatory innovation.

The Authority encourages industry participants, technology developers, academics, investors and other interested stakeholders to share their perspectives and practical experience by sending an email to spi_consultations@mfsa.mt by **10 July 2026**. Feedback received will support the MFSA's ongoing assessment of emerging developments and may help inform future policy and regulatory considerations.

By bringing together diverse perspectives, the consultation aims to support the development of a balanced and future-focused approach that enables innovation to flourish while maintaining high standards of market integrity, investor protection and financial stability.

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Strategic Statement, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.