MEMORANDUM OF UNDERSTANDING

between

The Central Bank of Malta

and

The Malta Financial Services Authority

on

Cooperation and Exchange of Information

in the field of Financial Services

THIS MEMORANDUM OF UNDERSTANDING is made

Between

the Central Bank of Malta (hereinafter 'the Bank')

and

the Malta Financial Services Authority (hereinafter 'the Authority')

(both hereinafter also referred to individually and jointly as the 'Party' and 'the Parties' respectively)

WHEREAS:

i. The Parties are legally vested with the power to obtain and share information in order to provide mutual assistance within their respective areas of competence and responsibility.

ii. The Parties agree to co-operate in the field of financial services, particularly through the exchange of information acquired in the course of carrying out duties entrusted by law, be they of a regulatory or economic nature, for the purposes of ensuring the overall safety and soundness of the financial system in Malta and of keeping the same under constant surveillance.

iii. The Parties acknowledge that such co-operation should facilitate the early detection of any possible threats to the safety and soundness of the financial system and thus be able to take any necessary measures that may be required in the prevailing situation in a timely manner.

iv. The Parties are by means of this Memorandum of Understanding (MoU) agreeing to establish and set out procedures which provide for the creation of specific and efficient channels for the mutual exchange of information of a qualitative and quantitative nature at a level which enables the Parties to make an overall assessment and, if necessary, an assessment of the components of the sectors for which each is responsible.

1. INTRODUCTION AND SCOPE

1.1 This MoU is based on the principle that while the Parties accept that each Party is fully responsible and accountable for any action it may take within the functions assigned to it by law, the Parties agree that each Party is in a position to assist the other in fulfilling their respective duties by the mutual exchange of information within the parameters allowed by law.

1.2 The purpose of this MoU is to provide a framework for the Parties to cooperate and communicate constructively for the purpose of assisting each other in the discharge of their own respective functions. The Parties acknowledge that they may only provide information or assistance under this MoU if permitted or not prevented under the Applicable Laws, Regulations and Requirements.

1.3 This MoU is not legally binding, and therefore the provisions listed hereunder may not give rise to any legal claim on behalf of any Party or third parties in the course of their practical implementation. The provisions of this MoU do not establish or assume any particular decisions or remedies to be taken in a financial crisis situation.

2. DEFINITIONS

"Applicable Laws, Regulations and Requirements" means any law, regulation or requirement applicable in Malta or applying to the Parties and, where the context permits, includes any rule, direction, requirement, or policy made or given by or to be taken into account by either Party.

"Authority" shall mean the Malta Financial Services Authority.

"Bank" shall mean the Central Bank of Malta.

"Banking Act" refers to Cap. 371 of the Laws of Malta.

"Central Bank of Malta Act" or "CBM Act" refer to Cap. 204 of the Laws of Malta, and it is the law by means of which the Bank is established.

"Malta" shall have the meaning assigned to it by article 124(1) of the Constitution of Malta.

"Malta Financial Services Authority Act" or "MFSA Act" refer to Cap. 330 of the Laws of Malta, and it is the law by means of which the Authority is established.

"Statute" and "Treaty" shall have the same meaning as that assigned to them in article 2 of the Central Bank of Malta Act.

"Recovery and Resolution Regulations" refers to Subsidiary Legislation 330.09 of the Laws of Malta.

3. RESPONSIBILITIES AND FUNCTIONS

3.1 THE BANK

3.1.1 In accordance with the Treaty and the Statute, the primary objective of the Bank under the CBM Act, is to maintain price stability. Without prejudice to this primary objective, the CBM Act further requires the Bank to support the general economic policies of the European Union with a view to

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contributing to the achievement of the objectives of the European Union as laid down in Article 3 of the Treaty of the European Union and to act in accordance with the principles set out in Article 119 of the Treaty on the Functioning of the European Union. In accordance with the Treaties and the Statute, the tasks of the Bank shall, inter alia, include the following:

- to ensure the stability of the financial system;
- to promote a sound and efficient payment system;
- to compile and publish statistics;
- to formulate and implement monetary policy.

3.1.2 In line with its mandate, the Bank is responsible for ensuring financial stability by preventing and managing financial crises. In this regard, the Bank chairs and is actively involved in the Joint Financial Stability Board (JFSB), which is established with the aim of ensuring effective cooperation in the area of financial stability in terms of article 17B of the Central Bank of Malta Act. The Bank also chairs and takes an active role in the Domestic Standing Committee for the Management of Financial Crisis Situations. At an international level, the Bank cooperates with the European Systemic Risk Board (ESRB), the European Central Bank (ECB) and with other national or international micro and macro-prudential authorities in the exchange of information to ensure effective oversight. The Bank also identifies potential systemic risks and contributes to the formulation of macro-prudential policy and recommendations to mitigate such risks. The Bank participates in the respective structures of the European System of Financial Supervisors (ESFS), which is composed of the ESRB and the European Supervisory Authorities (ESAs), namely, the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). The Bank participates as a member of the Supervisory Board of the ECB and is a representative on the Board of Supervisors of the EBA. Moreover, the Bank is a member of the Governing Council of the ECB, and also maintains strong relations with other institutions, such as the International Monetary Fund (IMF).

3.1.3 Furthermore, in carrying out its duties to promote the smooth operation of payment systems, the Bank is given the function to oversee and regulate the operation of, and the participation in, domestic payment systems under the CBM Act. The Bank may itself establish and operate such a payment system.

3.1.4 The Bank is also responsible for the collection, compilation and dissemination of an array of statistics. At the national level, the Bank has primary responsibility for collecting statistics in the area of Monetary, Banking, Financial Markets, Financial Stability, and Payment Systems. The Bank also participates in the IMF'S Special Data Dissemination Standard (SDDS), and as part of the Eurosystem, the Bank transmits a range of statistics to the ECB, which feature in the ECB's Statistical Data Warehouse.

3.2 THE AUTHORITY

3.2.1 In terms of article 18(1) of the MFSA Act, *"The Central Bank of Malta and the Authority shall on request exchange information in their possession which is necessary for the discharge by the Central Bank of its duties under the Central Bank of Malta Act, and by the Authority under this Act or any other law."*.

3.2.2 The Authority is responsible, inter alia, for the licensing, regulation and supervision of credit and financial institutions, credit servicers, the business of insurance and activities of insurance intermediaries, investment services and collective investment schemes, retirement schemes, retirement funds, retirement scheme administrators, asset managers, trustees, company service providers, virtual financial assets, regulated markets and central securities depositories.

3.2.3 Furthermore, in virtue of Article 7B of the MFSA Act, the MFSA's Board of Governors is also the Resolution Authority, which in turn assigned all its powers to the Resolution Committee in terms of the same said Article. In this respect, the Resolution Committee is vested with all the powers assigned to it under the Bank Recovery and Resolution Directive (Directive 2014/59/EU) which has been transposed into Maltese law in the MFSA Act and the Recovery and Resolution Regulations (Subsidiary Legislation 330.09 of the Laws of Malta) (RRR). The Resolution Committee is also responsible for the resolution of banks, certain investment firms and central counterparties (CCPs).

3.2.4 By virtue of the MFSA Act, the Recovery and Resolution Regulations (RRR) and the Banking Act, the Authority, in its capacity as the national competent authority ('NCA'), and the Resolution Committee, have been vested with a number of powers.

3.2.5 The Authority is empowered, inter alia, to take early intervention measures, including activating the recovery plan and the appointment of a temporary administrator for the purpose of safeguarding the interests of depositors as well as determining that a credit institution is failing or likely to fail. On the other hand, whilst the Resolution Committee is also empowered to determine that a credit institution is failing or likely to fail, it has the obligation of resolving the said institution if it is in the public interest.

3.2.6 The Authority also takes an active role in the JFSB and the Domestic Standing Committee for the Management of Financial Crisis Situations. It reports to and coordinates regularly with the Single Resolution Board (SRB) the latter being the authority for the Single Resolution Mechanism (SRM) of banks and the Authority is a member of the SRB Plenary amongst other sub-groups. The Authority also reports to and regularly coordinates with the ECB as the supervisory authority for Single Supervisory Mechanism (SSM) banks. It is also a member of the ECB Supervisory Board. Additionally, the Authority is a member of the EBA, the EIOPA and the ESMA, and it is a non-voting member of the ESRB. It is also a voting member in the Plenary Session of the SRB.

3.2.7 The Authority is obliged by law to investigate allegations of malpractices; to ensure high standards of conduct; and to monitor the application of, and enforce, financial services legislation for which it is responsible. Moreover, the

Authority has set up a FinTech and Innovation Team which is responsible for implementing the Authority's FinTech Strategy.

3.2.8 The Authority is further obliged by law:

- to promote consumer protection in financial services;
- to promote fair competition and consumer choice in financial services;
- to ensure high standards of conduct;
- to investigate allegations of malpractices; and
- to monitor the working of financial services legislation for which it is responsible.

3.3 POWER TO OBTAIN AND EXCHANGE INFORMATION

3.3.1 The CBM Act and the Directives issued by the Bank authorise the Bank to obtain information which may be required for the discharge of its duties under the law from any person or entity which is licensed, authorised or registered by a competent authority, any branch of a foreign legal person, or any other person or entity, as may be determined by the Bank (hereinafter the 'reporting entities').

3.3.2 The Authority has statutory powers of licensing, supervision, investigation and enforcement in terms of the MFSA Act and any regulations issued thereunder and the sectoral legislation falling within the competence of the Authority, including but not limited to:

- Investment Services Act;
- Banking Act;
- Financial Institutions Act;
- Credit Servicers and Credit Purchasers Act;
- Insurance Business Act;
- Insurance Distribution Act;
- Financial Markets Act;
- Prevention of Financial Markets Abuse Act;
- Securitisation Act;

- Company Service Providers Act;
- Virtual Financial Assets Act;
- Retirement Pensions Act.

3.3.3 The Parties further acknowledge the need to exchange information between them and to collaborate in order to avoid separate collection of the same data and to minimise the burden on reporting entities. Where both Parties, therefore, require access to the same information, they will reach agreement as to who should collect such information and how it should be transmitted to the other Party on a case-by-case basis.

3.4 REQUIREMENTS OF THE BANK

3.4.1 The Authority recognises and acknowledges that the Bank may need to have access to information on institutions falling within the regulatory, supervisory and resolution competence of the Authority in order to fulfil its responsibilities under the CBM Act as regards financial stability, macro-prudential policy instead of implementation of monetary policy and the compilation of monetary statistics.[1]

3.4.2 For this purpose, the Authority undertakes to assist the Bank through:

- the provision of information in the possession of or accessible to the Authority through regulatory and prudential returns or in any other way on institutions falling within the regulatory, supervisory and resolution competence of the Authority; and
- the provision of other information that the Bank may require from time to time in order to fulfil its responsibilities at law.

3.5 REQUIREMENTS OF THE AUTHORITY

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[1] The MFSA acknowledges that the CBM's Crisis Management Office within the Financial Stability Department has communicated a document which lists the information required by the CBM from the MFSA in an ELA scenario.

3.5.1 The Bank recognises and acknowledges that the Authority may need to have access to information held by the Bank in order to assist it in fulfilling its functions under the relevant legislation.

3.5.2 For this purpose, the Bank undertakes to assist the Authority by providing it with information in the possession of or accessible to the Bank, which the Authority may require from time to time in the exercise of its licensing, regulatory, supervisory, resolution and investigative functions and other powers under the law.

4. PROVISION OF UNSOLICITED INFORMATION

The Parties may, in their sole discretion, provide information, or arrange for information to be provided, without prior request, where they consider that information shall assist the other Party in the performance of its functions.

5. COMMUNICATIONS

5.0 A Party making a request for information under this MoU shall endeavour to use the mode of communication best suited for that purpose, provided that the other Party may require that a request in any particular case or cases be made in writing. When communicating, due consideration shall be given by the Parties to the importance and significance of the information being exchanged and, consequently, to the level of management at which the information may be exchanged.

5.1 Communication pursuant to this MoU shall be made in writing, but in cases of urgency, oral requests may be made and confirmed in writing within five (5) working days from the date of the oral request.

5.2 Each of the Parties agree to nominate a contact person who shall be responsible to co-ordinate, oversee and consult as necessary in order to ensure the smooth working of this MoU.

6. INTERNATIONAL RELATIONS

The Parties shall seek to co-operate in international regulatory, supervisory, resolution and economic initiatives of mutual interest through participation in relevant international fora and conferences on relevant financial matters.

7. DATA PROTECTION

7.1 The Parties agree that any request for and sharing of information shall comply with privacy, confidentiality and disclosure requirements at law. Without prejudice to the obligations and responsibilities of each respective Party as they arise from their enabling laws, any personal data which may come into their respective possession in pursuance of this MoU is treated in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), the Data Protection Act (Chapter 586 of the Laws of Malta) and any other European Union and national law in relation thereto.

7.2 The obligations set out in this section shall be for an indefinite period and shall survive the termination of this MoU.

8. PROFESSIONAL SECRECY, PERMISSIBLE USES OF INFORMATION, CONFIDENTIALITY AND DISCLOSURE

8.1 Employees of the Parties are bound by law to adhere to the obligation of professional secrecy in respect of information acquired in the course of carrying out their respective duties, whatever the source of the information. The obligation of the Parties to maintain professional secrecy shall remain in effect notwithstanding the termination or otherwise of this MoU.

8.2 A Party that receives non-public information under this MoU ("Recipient Party") agrees to treat such information as confidential in accordance with the provisions of this MoU and within the parameters of the Applicable Laws, Regulations and Requirements. The Parties shall also keep confidential, requests made under this MoU, the contents of such requests, and any matters arising under this MoU, including consultations between or among the Parties.

8.3 The Recipient Party shall comply with any restrictions on the use or disclosure of non-public information that are imposed on it when such information is provided.

8.4 Subject to the terms of the paragraph immediately hereunder, the Recipient Party may use non-public information provided under this MoU, whether in response to a request for assistance or via the provision of unsolicited information, only for the purpose of carrying out its lawful functions, and exclusively for the purpose set out in the request or in this MoU, or for the purposes for which the unsolicited information was provided. If the Recipient Party intends to use non-public information for any purpose other than as agreed between the Parties or set out in the request, it must obtain the prior written consent of the Party that provided the non-public information ("Transferring Party").

8.5 The Recipient Party shall consult with and obtain the prior written consent of the Transferring Party if it intends to pass on or disclose to any other person, information obtained from the Transferring Party.

Provided that, if the Recipient Party receives a request from a third party for shared information but disclosure is not legally compelled, the Recipient Party shall consult with and obtain the prior written consent of the Transferring Party prior to disclosure of the requested information.

Provided further that, in the event of a legally enforceable demand for the disclosure of non-public information, the Recipient Party will notify the Transferring Party prior to complying with the demand, and will assert such appropriate legal exemptions or privileges with respect to such information as

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may be available. The Recipient Party will use its best efforts to protect the confidentiality of non-public information received under this MoU.

8.6 The obligations set out in this section shall be for an indefinite period and shall survive the termination of this MoU.

9. RECORDS

9.1 Pursuant and subject to the other provisions of this MoU, the Parties agree to exchange information arising from the records for which each is responsible and, in order to achieve this, the Parties shall consult on the level of accessibility which each Party shall give to the other in respect of prudential returns or other information within its areas of competence and responsibility. In order to avoid separate collection of data and to minimize the burden on reporting entities the Parties shall agree on what data is to be requested and on who should collect such information and how it should be transmitted to the other Party on a case-by-case basis.

9.2 The Parties shall consult on the modalities of the operating procedures for the smooth implementation of this provision.

10. TERM AND REVISIONS

10.1 Without prejudice to anything done thereunder, this MoU shall replace the Memorandum of Understanding entered into by the Parties on the 25th day of January 2013 on the co-operation and exchange of information in the field of financial services including the amendments of the Addendum agreed and signed by the Parties on the 16th day of February 2021.

10.2 The terms of this MoU, which has been signed in two original copies, shall remain in full force and effect until such time as they are amended by mutual written agreement of the Parties.

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10.3 Amendments to this MoU may be proposed by any one of the Parties by giving notice in writing to the other Party and shall only be brought in force by written agreement of the Parties. The Parties further agree that any proposed amendment shall not suspend the operation of this MoU until it is implemented, unless the Parties agree that there are serious reasons why the MoU should be suspended.

Agreed and signed this 19 day of the month of January 2026.

19/01/2026.

Mr Alexander Demarco
Governor

Central Bank of Malta

Mr Kenneth Farrugia
Chief Executive Officer

Malta Financial Services Authority

MALTA FINANCIAL SERVICES AUTHORITY