Feedback Document

Feedback Statement on the Salient Amendments Proposed by the Solvency II 2020 Review

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Contents

1.0 Introduction

On 15 April 2026, the MFSA issued a Consultation Document on the Salient Amendments Proposed by the Solvency II 2020 Review.

The Consultation Document informed stakeholders of the key changes to Directive 2009/138/EC (hereinafter "Solvency II), which have been introduced by Directive (EU) 2025/2 of the European Parliament and of the Council of 27 November 2024 amending Directive 2009/138/EC as regards proportionality, quality of supervision, reporting, long-term guarantee measures, macro-prudential tools, sustainability risks and group and cross-border supervision (hereinafter referred to as the "Amending Directive").

Further to the said Consultation Document and the discussions held during the series of workshops organised by the MFSA, a Feedback Statement is being issued to address the comments received from interested stakeholders.

The Feedback statement will also provide information on the legislative options which the MFSA intends to make use of. The MFSA will continue engaging with the market as part of the process leading to the transposition and implementation of the Amending Directive.

2.0 Notifications to be classified as Small and Non-complex undertaking (SNCU) and applications for Proportionality Measures

2.1 Criteria to be classified as SNCU – Quantitative Thresholds

2.1.1 ***Industry Comment**: A number of market participants sought clarification as to what extent an undertaking may be deemed to satisfy the conditions for classification as an SNCU where there is a minor deviation from one or more of the prescribed eligibility criteria.*

MFSA's position: The MFSA wishes to clarify that the quantitative criteria for an undertaking to be classified as SNCU which emanate from the Amending Directive does not provide for any threshold of tolerance. The criteria are established in the said Amending Directive and no discretion is provided to the supervisory authorities. Therefore, the MFSA would like to reiterate that wherever there is a deviation, however minor, such entity would not be able to apply to be classified as an SNCU. Furthermore, it is pertinent to note that undertakings which do not meet the SNCU criteria, may still apply to make use of a more limited set of proportionality measures as per paragraph 2.2.14 of the Circular published on 14 May 2026.

2.1.2 ***Industry Comment**: A market participant provided the example of an entity which has been authorised during the current year and therefore would not have two years of consecutive financial statements and sought clarification as to whether the said undertaking would still be entitled to apply for SNCU classification.*

MFSA's position: The MFSA would like to refer to Article 29a (2) of the Amending Directive, which clarifies that *"For undertakings which have obtained authorisation in accordance with Article 14 within the last two financial years, compliance with the criteria set out in paragraph 1 of this Article shall be* *assessed with reference to the last financial year prior to the classification, or where the authorisation has been obtained within the last 12 months, the scheme of operations referred to in Article 23".* Therefore, undertakings which do not have two years of financial statements are allowed to be categorised as an SNCU, where such undertakings comply with Article 29a (2) of the Amending Directive.

2.2 Prudential Substance Assessment in relation to SNCU Classification

2.2.1 ***Industry Comment****: A market participant referred to paragraph 2.2.2 of the Consultation Document and expressed concerns regarding the proposed prudential substance assessment to be conducted by the competent authority in relation to undertakings seeking SNCU classification. The market participant stated that Article 29a of the Amending Directive establishes a harmonised and comprehensive set of quantitative and qualitative criteria for SNCU classification, and that compliance with those criteria should remain the primary basis for such classification. Reference was also made to EIOPA's Technical Advice on the implementation of the proportionality framework. Clarification was sought as to whether an undertaking that satisfies all the criteria set out in Article 29a of the Amending Directive could nevertheless be prevented from obtaining SNCU status on the basis of prudential considerations relating to its risk profile, including factors such as product complexity, material risks, interdependencies and outsourcing arrangements. The market participant further expressed concern that the reference to prudential substance, together with forward-looking strategic declarations and supervisory consideration of risk profile matters, could result in the SNCU framework operating more akin to a substantive approval process than a notification-based regime. Clarification was therefore sought as to whether the process will remain fundamentally criteria-based and whether undertakings meeting the statutory criteria should ordinarily expect to obtain SNCU classification.*

MFSA's position: The MFSA would like to clarify that compliance with the criteria set out in Article 29a of the Amending Directive constitutes the primary basis for classification as an SNCU. Accordingly, the application for a notification remains fundamentally criteria-based and undertakings meeting the relevant requirements, in line with the Amending Directive, should expect to qualify for SNCU status. The Authority notes, however, that the Solvency II framework also provides the competent authority with the power to object to SNCU classification in specific circumstances. In exercising such powers, the MFSA may consider on a case by case basis, broader prudential considerations where these are relevant to the risk profile of the specific undertaking applying to be classified as an SNCU and the objectives of prudential supervision. As discussed during the stakeholder workshops, this may include but not be limited to situations where there are concerns regarding the undertaking's ability to meet, or continue meeting, its Solvency Capital Requirement (SCR). The MFSA does not intend for the SNCU notification process to operate as a substantive approval regime and will continue to consider the application of these provisions and, where appropriate, provide further guidance to support transparency and consistency in their implementation.

2.3 Application for Proportionality Measures

2.3.1 ***Industry Comment****: A market participant suggested that the Authority considers allowing entities to request an advance status of the conclusions of the Authority on the elements of the supervisory review process to allow them to make the necessary considerations as to whether to apply for proportionality measures or otherwise. The said market participant stated that this would help entities make an informed decision on whether or not to apply.*

MFSA's position: The MFSA would like to clarify that it will not disclose, in advance, the outcome of its supervisory review process in respect of undertakings. Undertakings wishing to avail themselves of one or more proportionality measures are therefore required to carry out a self-assessment prior to submitting an application.

2.3.2 ***Industry Comment***: *A market participant welcomed the MFSA's clarifications regarding the scope and eligibility of proportionality measures, including the distinction between SNCUs and other undertakings applying for proportionality measures. Further transparency was requested regarding the application of supervisory judgement in the assessment of applications for proportionality measures, including the criteria, considerations and processes that the MFSA intends to apply when determining whether to approve, conditionally approve, or refuse such applications.*

MFSA's position: The MFSA would like to clarify that, when assessing applications for proportionality measures, the competent authority will primarily apply the relevant legal and regulatory framework, including the provisions set out in Commission Delegated Regulation (EU) 2025/269, which provides further guidance on the conditions under which supervisory approval for proportionality measures may be granted, maintained, or withdrawn.

The MFSA anticipates adopting a proportionate and evidence-based approach and its assessment will not be based solely on quantitative indicators but will also consider qualitative aspects of the undertaking's risk profile and operations. As a result, supervisory judgement may be required in cases where the factual circumstances are not adequately captured by predetermined metrics alone. For undertakings seeking proportionality measures outside the SNCU framework, the MFSA will undertake a risk-based assessment having regard to the factors specified in the amended Directive, including:

- the nature of the undertaking's business and risk exposures;
- the scale of operations, including the volume of business and materiality of risks;
- the complexity of products, investments, reinsurance arrangements and organisational structures;
- the effectiveness of governance, risk management and internal control systems;
- the potential impact of the undertaking on policyholders, beneficiaries, financial stability and the orderly functioning of insurance markets; and
- any undertaking-specific features that may increase or reduce the complexity of supervision.

Any supervisory judgement exercised by the MFSA will be applied within the parameters of the applicable regulatory framework and will seek to ensure a consistent, risk-based, and proportionate approach to the evaluation of applications. Accordingly, decisions to approve, conditionally approve, or refuse an application for proportionality measures will be based on the undertaking's ability to satisfy the relevant eligibility requirements and supervisory expectations set out in the applicable legislation and delegated acts. The MFSA notes that mentioned Delegated Regulation provide further clarification regarding these requirements and on the circumstances in which supervisory approval may be granted or withdrawn.

2.3.3 ***Industry Comment***: *A market participant sought clarification as to how the revised framework will address undertakings that currently benefit from existing proportionality measures.*

MFSA's position: The MFSA would like to refer to Article 29e (3) of the Amending Directive which states that *"Insurance and reinsurance undertakings applying any proportionality measures that correspond to existing measures under this Directive by 28 January 2025 may continue to apply such measures without applying the requirements set out in Articles 29b, 29c and 29d, for a period not* *exceeding four financial years".* The MFSA obtained further clarification that the four-financial-year period shall commence on 30 January 2027, being the date on which the Amending Directive shall commence to apply.

2.4 Extension of the Review Period from Two Months to Four Months

2.4.1 ***Industry Comment****: A market participant acknowledged the practical implementation challenges likely to arise during the initial transposition phase and noted the proposed extension of the review period for SNCU notifications and proportionality applications from two months to four months during the first six months of 2027. In this regard, the same market participant suggested that the MFSA considers whether alternative operational solutions, enhanced transitional supervisory engagement, or phased application processes commencing prior to 2027 could achieve the same objectives while facilitating a smoother implementation of the revised proportionality framework.*

MFSA's position: The MFSA would like to note that, during the workshops, it was clarified that the MFSA is considering accepting applications and notifications as from January 2027, ahead of the date of application of the revised framework. However, any statutory review and approval timelines would commence on 30 January 2027, being the date on which the relevant provisions become applicable. This distinction is intended to provide stakeholders with an opportunity to submit applications and notifications in advance, while ensuring that the applicable assessment periods remain aligned with the commencement of the revised framework. The Authority will also explore opportunities for earlier supervisory engagement and will continue to keep stakeholders informed of any related developments.

2.5 Market Share Calculations

2.5.1 ***Industry Comment:*** *A market participant noted that Article 29b(3) of the Amending Directive sets out the grounds on which a supervisory authority may refuse an undertaking to be classified as an SNCU. Article 29b (3) (c) of the Amending Directive specifically refers to undertakings representing more than 5% of the life or non-life market. In this regard, clarification was sought as to whether the 5% threshold should be calculated by reference to the total Maltese market or only locally authorised undertakings. The said market participant also queried whether the corresponding threshold under Chapter XVI (DR 2026/269) is based on the total Maltese market or only local participants. Further clarification was also sought in relation to the calculation of the 5% market share threshold for long-term business, including whether the technical provisions used for this purpose incorporate unit-linked and other index-linked liabilities.*

MFSA's position: The MFSA would like to clarify that Article 29b (3) of the Amending Directive cross-refers to Article 35a of the Amending Directive, which mandates EIOPA to issue guidelines concerning the methods for determining market shares.

In this regard, the relevant guidelines provide that: *"Supervisory authorities should ensure that size of both the life and non-life markets are determined annually by: (a) aggregating, for the life insurance and reinsurance market, the gross technical provisions for the life insurance and reinsurance business, including index-linked and unit-linked insurance of the relevant insurance and reinsurance undertakings identified in Guideline 1; (b) aggregating, for the non-life insurance and reinsurance market, the gross written premiums of the non-life insurance and reinsurance business of the relevant insurance and reinsurance undertakings identified in Guideline 1."* Accordingly, for the purpose of calculating the 5% market share threshold in the life insurance market, gross technical provisions include index-linked and unit-linked liabilities. The MFSA further notes that correct and QRT data which are of a good quality are material for the purposes of this assessment.

2.5.2 ***Industry Comment****: A market participant noted that the assessment of the 5% market share threshold requires undertakings to determine their share of the relevant market, whilst only having direct access to their own figures. In this regard, clarification was sought as to whether the MFSA intends to publish official market-wide statistics, including total gross written premiums and technical provisions, to facilitate self-assessment. Alternatively, clarification was sought as to whether the MFSA intends to determine and communicate eligibility centrally.*

MFSA's position: The MFSA would like to clarify that it intends to publish annually on its website the relevant total market figures for both the life and non-life insurance markets. This information will enable undertakings to determine their own market share by comparing their individual gross-written premiums and/or technical provisions, as applicable, against the published market totals, and to assess whether they meet the relevant 5% market share threshold. Accordingly, undertakings will be able to perform this assessment on the basis of the information published by the Authority.

2.6 Declaration accompanying a notification to be classified as SNCU and declaration accompanying an application to apply for proportionality measures

2.6.1 ***Industry Comment****: A market participant sought clarification regarding the application for an undertaking to make use of proportionality measures pursuant to Article 29d of the Amending Directive, in particular the requirement indicating that an undertaking shall be required to submit a declaration confirming that it does not plan any strategic changes that are likely to impact its risk profile over the following three years. Clarification is sought as to whether this declaration is intended to capture circumstances where an undertaking is already aware of planned strategic changes that would be inconsistent with, or otherwise undermine, the basis on which a proportionality measure would be granted.*

MFSA's position: The MFSA would like to clarify that the declaration required under Article 29d of the Amending Directive is not intended to be limited solely to strategic plans already identified by the undertaking. As provided in the Directive, the declaration concerns any matter that may have an impact on the undertaking's risk profile. Accordingly, when applying for proportionality measures pursuant to Article 29d of the Amending Directive, undertakings are expected to perform a holistic assessment of their current circumstances and any foreseeable developments that could affect their risk profile, taking into account all relevant factors. The purpose of the declaration is to ensure that undertakings applying for proportionality measures have considered whether there are any known or reasonably foreseeable changes that could materially alter their risk profile and, consequently, their eligibility for the proportionality measures they are applying for. Therefore, where an undertaking is already aware of any planned changes that are likely to have a significant impact on its risk profile during the relevant period, such undertaking should take these circumstances into account when assessing whether it can validly provide the declaration required under Article 29d of the Amending Directive.

2.6.2 ***Industry Comment****: A market participant referred to the forward-looking strategic declarations required under paragraphs 2.2.3 and 2.2.9 of the Consultation Document and noted that, in practice, future strategic developments may arise as a result of evolving commercial, regulatory or market* *circumstances. In this regard, the same market participant suggested that such declarations should be provided on the basis of the undertaking's best knowledge and current business planning assumptions at the time of submission. Further clarification was sought as to whether subsequent legitimate strategic developments would, in themselves, give rise to supervisory concerns, provided that the undertaking continues to engage with the MFSA in a transparent and timely manner and keeps the Authority appropriately informed of material developments. Furthermore, clarification was also sought as to whether the MFSA would consider that the declaration would have been breached where an undertaking experiences organic growth that exceeds projections previously communicated to the MFSA through regular reporting or supervisory engagement, whilst at the same time recognising that the MFSA may reserve the right to reassess its approval in such circumstances.*

MFSA's position: The MFSA acknowledges that forward-looking strategic declarations are provided on the basis of the undertaking's knowledge, expectations and business planning assumptions at the time of submission. The MFSA would like to clarify that the purpose of these declarations is to enable the Authority to assess an undertaking's eligibility for the relevant proportionality measures applied or notified for on the basis of its current and reasonably foreseeable risk profile, business model, scale and complexity, taking into account the objectives of the Amending Directive. Such declarations are therefore expected to be made in good faith, based on the undertaking's best knowledge, available information and business planning assumptions at the time of submission.

The fact that subsequent developments differ from those anticipated at the time the declaration was made would not, in itself, automatically be regarded as a breach of that declaration as long as it is done in good faith. Rather, the relevance of such developments depends on their nature and impact on the considerations underpinning the declaration.

The MFSA would further clarify that the purpose of the declaration differs depending on the applicable legal basis. In the context of Article 29b of the Amending Directive, the declaration relates to developments that may affect an undertaking's continued compliance with the SNCU classification criteria set out in Article 29a. In the context of Article 29d of the Amending Directive, the declaration relates to known, planned or reasonably foreseeable developments that may materially affect the undertaking's risk profile and, consequently, the appropriateness of the proportionality measures applied.

Nevertheless, where actual developments result in material changes to the undertaking's risk profile, nature, scale or complexity, or otherwise affect the assumptions underpinning the Authority's original assessment, the Authority may reassess the undertaking's continued eligibility for the relevant proportionality measures. Such reassessment would be undertaken in accordance with the Amended Directive and based on the facts and circumstances prevailing at the time. In this regard, undertakings are expected to engage with the MFSA in a transparent and timely manner and to keep the Authority informed of material developments. Where subsequent developments materially affect either the undertaking's continued compliance with the SNCU classification criteria or its risk profile, as applicable, the MFSA may reassess the supervisory conclusions reached on the basis of the information previously provided. For the avoidance of doubt, the Authority's assessment will focus on whether the undertaking remains compliant with the relevant eligibility criteria and whether it has met its obligations to notify and engage with the Authority regarding material developments, rather than on whether actual outcomes precisely match projections previously submitted.

2.6.3 ***Industry Comment***: *A market participant suggested that the declaration required under paragraph 2.2.3 of the Consultation Document, regarding the absence of planned strategic changes over the following three years, should be intrinsically linked to the Own Risk and Solvency Assessment*

(ORSA) process, given that the ORSA constitutes the formal framework through which strategic changes are assessed and documented.

MFSA's position: The MFSA acknowledges that an undertaking's strategy, including any anticipated strategic developments, constitutes an integral component of the ORSA process and should therefore be appropriately considered and reflected within the undertaking's ORSA assessments. Nevertheless, pursuant to Article 29d of the Amending Directive in the context of an application to make use of proportionality measures, or Article 29b of the Amending Directive in the context of a notification to be classified as SNCU, the Amending Directive requires the submission of a separate declaration confirming that no planned strategic changes are expected to materially affect the undertaking's risk profile during the relevant assessment period. This requirement applies independently of the ORSA process.

2.7 Conditional Approvals and Ongoing Supervisory Conditions under Article 29d

2.7.1 ***Industry Comment**: A market participant noted that paragraph 2.2.10 of the Consultation Document permits the MFSA to amend or withdraw an approval relating to the use of proportionality measures. The same market participant suggested that a grace period should be introduced to allow undertakings sufficient time to comply with the revised requirements following such amendment or withdrawal, particularly where the change may result in significant operational or reporting obligations at short notice.*

MFSA's position: The MFSA would like to note that the power to amend or withdraw an approval relating to the use of proportionality measures is derived directly from the Amending Directive and is intended to enable supervisory intervention in circumstances where the conditions underpinning the approval are no longer met or where other supervisory concerns arise. The MFSA is not in a position to provide for a predefined grace period following an amendment to, or withdrawal of, an approval, as the Amending Directive does not permit the establishment of such a grace period.

2.7.2 ***Industry Comment**: A market participant referred to paragraphs 2.2.9 and 2.2.10 of the Consultation Document, which provide that the MFSA may refuse, approve or conditionally approve applications for proportionality measures and may impose terms and conditions or subsequently amend or withdraw approvals where the undertaking's risk profile changes. While acknowledging the supervisory oversight contemplated by the Amending Directive, the same market participant submitted that the broad formulation of these provisions may create uncertainty regarding the circumstances in which conditions may be imposed, the nature and scope of such conditions, and the circumstances in which approvals may be amended or withdrawn. In this regard, the market participant suggested that the MFSA considers providing further guidance on the principles governing the imposition of supervisory conditions, the circumstances that may justify amendment or withdrawal of approvals, and the procedural safeguards and engagement process that would apply prior to the adoption of such measures.*

MFSA's position: The MFSA would like to clarify that certain concepts underpinning the proportionality framework established by the Amending Directive are not exhaustively defined and are not always linked to specific quantitative thresholds. In this regard, the MFSA acknowledges the importance of fostering a consistent supervisory approach in the application of these provisions. The MFSA further notes that any decision to refuse an application, impose conditions, or amend or withdraw an approval will be based on the specific circumstances of the undertaking concerned and the applicable requirements of the Directive and of the related delegated acts. Furthermore, the reasons underlying the decisions taken by the competent authority will be provided to the undertaking concerned.

2.8 Captive Undertakings

2.8.1 ***Industry Comment***: *A market participant noted that the Consultation Document includes specific amendments applicable to captive insurance undertakings and observed that historically, certain undertakings writing liability insurance business may not have been classified as captive insurance undertakings under the local framework despite being subject to proportionate supervision. In this regard, clarification was sought as to whether undertakings which may not have previously been regarded as captive insurance undertakings in Malta, but which satisfy the criteria applicable to captive undertakings under the Solvency II framework, will now be considered captive insurance undertakings for the purposes of the revised proportionality regime. The same market participant further suggested that undertakings operating on a "captive-like" basis, having a limited risk profile and restricted activities comparable to those of captive undertakings, should be able to benefit from similar proportionality measures where appropriate.*

MFSA's position: As clarified during the workshops, only authorised undertakings that fully meet the conditions set out in the Solvency II definitions of *"captive insurance undertakings"* and *"captive reinsurance undertakings"* may benefit from the simplified criteria for classification as SNCU under Article 29a (1) of the Amending Directive. Such undertakings may be classified as SNCUs by complying with a reduced number of quantitative criteria compared to undertakings that do not meet the captive definitions. Article 29a (1) of the Amending Directive further specifies that captive insurance undertakings and captive reinsurance undertakings shall also be classified as SNCUs where they do not comply with the simplified quantitative criteria laid down in the same article, provided that they comply with the following criteria:

"(a) the insured persons and beneficiaries are any of the following:

(i) legal entities belonging to the group of which the captive insurance undertaking or captive reinsurance undertaking forms part;

(ii) natural persons eligible to be covered under that group's insurance policies, provided that the business covering those natural persons remains below 5% of technical provisions;

(b) the insurance obligations, and the insurance contracts underlying the reinsurance obligations, of the captive insurance undertaking or captive reinsurance undertaking do not consist of any compulsory third-party liability insurance."

The Directive does not allow supervisory authorities any discretion to deviate from the above criteria. Nevertheless, the MFSA would like to clarify that authorised undertakings which do not meet the SNCU criteria may nevertheless apply for proportionality measures pursuant to Article 29d of the Amending Directive.

3.0 Practical Implications on the Revised Reporting Obligations

3.1 Macroprudential enhancement requirements

3.1.1 ***Industry Comment****: In reference to the macroprudential analysis requested under Article 45 of the Amending Directive, clarification was sought as to whether, in light of recent European Union* *initiatives aimed at simplifying sustainability reporting requirements, the MFSA intends to align the proposed macroprudential requirements with such developments.*

MFSA's position: The MFSA acknowledges the initiatives of the European Union and will ensure that the macroprudential analysis referred to in Article 45 of the Amending Directive is commensurate with the nature of risks as well as the scale and complexity of the activities of undertakings.

3.1.2 ***Industry Comment****: Reference is made to the instance where an undertaking forms part of a large European group and climate-related risks are assessed centrally at group level. In such a case, clarification is sought as to whether the MFSA would consider retaining an exemption from the requirement to report specific climate change scenarios such as those referred to in paragraph 5.1.4 of the Consultation Document.*

MFSA's position: The MFSA would like to clarify that paragraph 5.1.4 of the Consultation Document does not introduce a separate requirement to report climate change scenarios. The said Section highlights the relationship between the new liquidity planning requirements and the integration of climate change risks into the ORSA, within the broader macroprudential framework, as referred to in paragraph 4.1.5 of the said Consultation Document.

Accordingly, paragraph 5.1.4 neither creates nor affects any exemption from the applicable climate-related scenario analysis requirements. The MFSA would also like to note that the membership of an undertaking in a group, or the assessment of climate-related risks at group level, does not in itself provide an exemption from applicable solo requirements. Any exemption would only apply where the undertaking meets the conditions expressly provided for under the Amending Directive. The MFSA further notes that all solo undertakings remain subject to the ORSA requirements and should assess material climate-related risks in accordance with the applicable regulatory framework.

3.2 Proportionality and Supervisory Application

3.2.1 ***Industry Comment****: A market participant referred to paragraph 4.2.2 of the Consultation Document, which indicates that the MFSA may require undertakings to submit the Regular Supervisory Report more frequently than the standard reporting cycle when considered necessary. In this regard, clarification was sought as to whether the MFSA intends to issue guidance regarding the circumstances, criteria and supervisory considerations that may lead the Authority to exercise this power and request a higher reporting frequency.*

MFSA's position: The Authority notes the comment received and would like to clarify that it will not be issuing further guidance on the circumstances under which more frequent reporting may be required. Any such decision will be made on a case-by-case basis, taking into account the specific circumstances of the undertaking and the Authority's supervisory assessment.

3.3 Waiver from the Consideration and Analysis of the Macro-Prudential Concerns in the ORSA

3.3.1 ***Industry comment****: A market participant pointed out that Para 2.2.13 (b) of the Consultation Document refers to a waiver from the consideration and analysis of the macro-prudential concerns in the ORSA as referred to in Article 45(1)(e) which seems to be only triggered 'upon a reasoned request* *of the supervisory Authority'. In this regard, the market participant sought clarification as to whether, and in what circumstances, the MFSA would expect to make use of this power.*

MFSA's position: The MFSA would like to clarify that SNCUs which have obtained supervisory approval pursuant to Article 29d of the Amending Directive and elect to make use of the relevant proportionality measure are not required to conduct the analysis referred to in Article 45(1), point (e), of the Amending Directive. As indicated in the Consultation Document, the requirement to perform such analysis may nonetheless be imposed by the competent authority through a reasoned request where this is considered appropriate.

The Authority may exercise this power in specific situations where it considers that macro-prudential developments could have a material impact on the undertaking's risk profile, financial position or resilience, notwithstanding its eligibility for proportionality measures. Such circumstances may include, for example, periods of significant market-wide stress or financial instability; or the material changes in the undertaking's investment strategy that may increase its sensitivity to broader market developments. Any decision to require such an assessment would be made on a case-by-case basis, taking into account the principle of proportionality and the specific circumstances of the undertaking. The Authority would also seek to ensure that any additional expectations are clearly communicated and appropriately justified.

The Authority therefore considers that the reference to "a reasoned request by the supervisory authority" is intended as a supervisory safeguard, rather than as a measure that would be haphazardly applied to undertakings benefiting from the proportionality framework.

3.4 Climate Change Scenarios

3.4.1 ***Industry comment****: Clarification was sought as to whether the proposed inclusion of climate change in the ORSA is expected to apply as from financial year 2027 onwards.*

MFSA's position: The MFSA would like to clarify that the requirement concerning the inclusion of climate change scenario analysis within the ORSA is expected to be applicable in 2027. Accordingly, undertakings are expected to ensure readiness for its incorporation within the 2027 ORSA cycle. The MFSA would also like to emphasise that, as referenced in the Consultation Document, the assessment of the climate change risk is not a new consideration. EIOPA's opinion issued in 2021 together with the 2022 EIOPA Application guidance on running climate change materiality assessment and using climate change scenarios in the ORSA, already established supervisory expectations in this regard. Moreover, authorised undertakings are expected to integrate climate change risks in their system of governance, risk-management system and ORSA process. In this context, the MFSA expects undertakings to use the current year to identify gaps, perform a proportionate materiality assessment, and prepare for the enhanced requirements from 2027. Where climate change risks are assessed as not material, this conclusion should be clearly justified and appropriately documented.

3.4.2 ***Industry Comment****: Clarification was sought as to whether the MFSA expects the two climate change scenarios to be fully quantified in solvency metrics, or whether a proportionate approach combining quantitative analysis, where feasible with qualitative assessment of second-order impacts, would be acceptable. The market participant also recommended that the MFSA issues practical guidance on scenario sources, time horizons and acceptable levels of quantification aligned with EIOPA guidance.*

MFSA's position: The MFSA would like to clarify that a proportionate combination of quantitative and qualitative analysis may be used when assessing climate change scenarios and that undertakings are not necessarily expected to recalculate the full Solvency II balance sheet or Solvency Capital Requirement (SCR) under each scenario. Where climate-related risks are considered material, undertakings should seek to quantify the financial impact where reasonably possible and proportionate to their risk profile, including metrics such as the SCR, own funds, technical provisions, profitability, loss ratios or other relevant exposure measures.

The MFSA would also like to note that certain impacts, particularly indirect or second-order effects, may not always be capable of being reliably quantified. In such cases, qualitative assessments may be used, provided that undertakings explain the methodology, assumptions and any relevant limitations. The MFSA would further like to clarify that it does not currently intend to prescribe additional scenarios, methodologies or quantification requirements beyond those already provided by EIOPA. Undertakings may therefore rely on EIOPA's existing guidance when selecting scenarios, assumptions, methodologies and time horizons, applying an approach that is proportionate to the nature, scale and complexity of their risks. The MFSA recognizes that climate scenario analysis remains an evolving area and, at this stage, the focus should be on adopting a reasonable and well-documented approach that enables a meaningful assessment of material climate-related risks rather than a fully developed methodology from the outset.

3.4.3 ***Industry Comment****: A market participant requested clarification regarding the sources of information that should be used for climate change scenarios, particularly in view of limited data availability on life and health impacts and potential inconsistencies arising from modelling assumptions.*

MFSA's position: The MFSA would like to clarify that the Solvency II framework does not prescribe a single source of information for climate change scenario analysis. Undertakings should use data, assumptions and methodologies appropriate to nature, scale and complexity of their climate-related risk exposures and be able to justify the approach adopted. The MFSA would also like to note that undertakings may rely on information and tools provided by recognised bodies such as EIOPA, the NGFS and other reputable scientific or public institutions, as well as relevant external models, scientific research and undertaking-specific data. EIOPA's ORSA guidance provides practical examples but does not prescribe mandatory data sources. The MFSA acknowledges that data availability and methodological maturity may vary across risk types, particularly for life and health insurance risks. Where material uncertainty or data limitations exist, undertakings should apply a proportionate approach and clearly document any relevant assumptions, expert judgements and limitations. Where multiple data sources are used, undertakings should seek to ensure that assumptions are internally consistent with the scenario being assessed and consider sensitivity analyses where appropriate.

3.4.4 ***Industry Comment****: Clarification was also sought as to whether the MFSA intends to provide guidance on key limitations associated with the use of historical data for climate change scenario analysis.*

MFSA's position: The MFSA would like to clarify that the limitations associated with relying on historical data for climate change risk assessments are already recognised in the amended Solvency II framework. In particular, the framework acknowledges that climate change risks may be long-term, non-linear and systemic in nature, meaning that past events may not adequately capture future climate-related developments. Accordingly, undertakings are expected to avoid overreliance on historical data and, where appropriate, complement such information through the use of climate scenarios and other forward-looking analyses.

The MFSA would also like to note that historical data remains an important source of information and should not be disregarded. However, undertakings should assess whether past experience remains representative of future risk exposures and consider any necessary adjustments where climate-related risks are evolving. At this stage, the MFSA does not envisage prescribing a separate set of national limitations on the use of historical data. The assessment should remain risk-based and proportionate to the nature, scale and complexity of the undertaking's exposures. Where historical data is used, undertakings should be able to demonstrate its continued relevance and appropriately document any material limitations, assumptions and mitigating measures. Undertakings may also have regard to relevant EIOPA guidance in this area.

3.4.5 ***Industry Comment****: Further clarification was sought as to whether the MFSA intends to introduce standardised long-term climate change scenarios, reflecting local impacts associated with expected increases in temperatures, for undertakings that do not qualify for an exemption from the climate change scenario analysis requirements.*

MFSA's position: The MFSA would like to clarify that, at this stage, it does not intend to introduce standardised long-term climate change scenarios for use by undertakings. Undertakings should refer to EIOPA's existing Application Guidance, together with recognised international sources and publicly available local information, when selecting scenarios appropriate to their risk profile. Publicly available information on Malta-specific climate risks and expected physical impacts, including increasing temperatures and the potential evolution of other climate-related hazards, may assist undertakings in their analysis.

However, the relevance and severity of these risks may vary significantly across undertakings, lines of business and geographical exposures. In particular, a scenario based primarily on Maltese climatic conditions may not be appropriate for an undertaking whose business and risk exposures are concentrated in other jurisdictions. Scenarios should therefore reflect the nature, scale and complexity of the undertaking's risks, taking into account its business mix and geographical distribution of exposures. Undertakings may use existing exposure, claims and other relevant internal data to assess how climate-related impacts could affect their business, including potential changes in claim frequency and severity where relevant. The MFSA recognises that approaches and methodologies will continue to evolve as data and experience develop. Accordingly, for the first iteration, the Authority will expect a reasonable and proportionate approach rather than one that is fully mature.

3.4.6 ***Industry Comment****: A market participant referred to the climate change scenario analysis requirements set out in paragraph 4.1.5 of the Consultation Document and suggested that a risk-based and proportionate approach should be adopted when determining the extent of the analysis required. The same market participant noted that certain lines of business may not be materially exposed to climate-related risks. In such cases, clarification was sought as to whether undertakings should be permitted to justify the limited relevance of climate change scenarios within the ORSA. The same market participant noted with concern the potentially significant cost of quantifying forward-looking climate scenarios for undertakings with limited exposure to climate-related risks, particularly undertakings that are not classified as SNCUs but which benefit from proportionality measures. Clarification was also sought as to whether a proportionate approach may be applied to the climate change materiality assessment and whether certain derogations may be extended to other undertakings where justified by the nature, scale and complexity of their business.*

MFSA's position: The MFSA would like to clarify that the climate change scenario analysis requirements only apply where an undertaking has first assessed climate change risk as material to its business. Accordingly, all undertakings are first required to perform a climate change materiality assessment and explain the basis for their conclusions within the ORSA. A proportionate approach may be applied to the materiality assessment taking into account the nature, scale and complexity of the undertaking's risks, including its business model, lines of business, assets, liabilities, geographical exposures, and both physical and transition risks.

Where an undertaking concludes, on a justified basis, that climate change risk is not material, it would not be expected to perform detailed long-term climate change scenario analysis. This outcome reflects the undertaking's materiality assessment and is not to be regarded as an exemption or derogation. Where climate change risk is assessed as material, a proportionate approach may also be applied to the scope and sophistication of the scenario analysis. Undertakings should refer to EIOPA's existing Application Guidance, which recognizes that approaches should reflect the nature, scale and complexity of the undertaking's risks and may develop iteratively as data, methodologies and experience evolve. Furthermore, the MFSA does not intend to extend the specific exemption from long-term climate change scenario analysis beyond the categories provided for under the Amending Directive. The exemption applicable only for undertakings which are classified as SNCU is distinct from the materiality assessment described above.

3.4.7 ***Industry Comment****: A market participant noted that authorised undertakings which do not qualify as SNCUs may only benefit from a limited subset of proportionality measures. The same market participant submitted that undertakings operating on a "captive-like" basis should continue to benefit from a proportionate supervisory approach, even where they do not formally qualify as SNCUs. In particular, it was suggested that the application of requirements relating to climate change scenario analysis should take into account the nature, scale, size and complexity of such undertakings, given their generally limited risk profile, and that supervisory flexibility should be exercised accordingly.*

MFSA's position: The MFSA confirms that the principle of proportionality continues to apply across the Solvency II framework, including in respect of authorised undertakings that do not qualify as SNCUs. Whilst the Amending Directive provides for a specific set of proportionality measures available to SNCUs and, subject to supervisory approval, to certain non-SNCUs under Article 29d, this does not preclude supervisors from taking into account the nature, scale and complexity of an undertaking's business when applying supervisory requirements more generally. The MFSA acknowledges that certain undertakings may present a relatively limited risk profile notwithstanding that they do not meet the criteria for SNCU classification. In such cases, the Authority will continue to apply a risk-based and proportionate supervisory approach, taking into consideration the specific characteristics of the undertaking, including its business model, risk exposures and operational complexity. With regard to climate change scenario analysis and other similar requirements, the MFSA recognises that the depth and scope of the assessment should be commensurate with the undertaking's risk profile and the materiality of the risks concerned.

3.5 Scope of the Audit Requirement

3.5.1 ***Industry Comment*:** A market participant requested clarification on the intended scope of the audit of the Solvency II balance sheet and on the criteria and process that the MFSA intends to apply when requesting, on a case-by-case basis, the audit of other elements of the Solvency and Financial Conditions Report (SFCR).

MFSA's position: The purpose of the audit of the Solvency II balance sheet is to provide independent assurance that the balance sheet has been prepared in accordance with the applicable Solvency II framework, including the relevant legislative requirements, regulatory provisions, valuation principles and reporting standards. Such assurance is intended to support the reliability, accuracy and completeness of the information disclosed and to provide stakeholders with greater confidence that the Solvency II balance sheet appropriately reflects the undertaking's financial position in line with the applicable regulatory requirements.

With regard to the audit of other elements of the SFCR, the MFSA would like to clarify that any decision to request additional audit coverage will be made on a case-by-case basis and in a proportionate manner. In conducting its assessment, the MFSA will take into account the nature, scale and complexity of the undertaking's activities, as well as its overall risk profile and any undertaking-specific circumstances that may be relevant to the reliability and significance of the information being disclosed. The MFSA will exercise its supervisory judgement within the confines of the applicable regulatory framework and will consider whether an audit of additional SFCR elements is warranted to support supervisory objectives and ensure the quality and credibility of public disclosures. Where the MFSA determines that such a requirement is appropriate, the undertaking concerned will be informed without undue delay and provided with clarity regarding the scope and expectations of the requested audit engagement.

3.5.2 ***Industry Comment*:** Further clarification was sought regarding which elements of the SFCR will be subject to external audit or assurance, including the specific quantitative disclosures and narrative sections that auditors would be expected to review.

MFSA's position: The MFSA would like to clarify that the baseline requirement is that the Solvency II balance sheet of undertakings that have not been classified as a small and non-complex undertaking (SNCU) will be subject to external audit or assurance. This requirement is intended to provide an appropriate level of independent verification in respect of a key element of the Solvency II framework and to support the reliability and credibility of the information disclosed by such undertakings. Any requirement for external audit or assurance of other elements of the SFCR will be determined by the MFSA on a case-by-case basis. In making such a determination, the MFSA will take into account the specific circumstances and risk profile of the undertaking concerned.

3.6 Changes with Respect to the Reporting and Disclosure

3.6.1 ***Industry Comment****: Clarification was sought as to whether further flexibility or extensions will be considered for deadlines given overlap with Q1 QRTs.*

MFSA's position: The MFSA would like to reiterate that the only extension provided under the new framework is limited to annual regulatory submissions. While the new framework is intended to simplify regulatory requirements and reduce burdens on undertakings through the application of proportionality; this objective should not come at the expense of the timeliness and effectiveness of submissions. Timely and accurate reporting remains essential to enable the MFSA to effectively discharge its supervisory responsibilities, assess emerging risks, and maintain appropriate oversight of the market. Accordingly, any flexibility introduced under the proportionality framework should be applied in a manner that preserves the overall effectiveness of the supervisory framework and does not result in undue delays in the availability of regulatory information.

3.6.2 ***Industry Comment****: A market participant sought clarification as to whether the proposed changes with respect to the Reporting and Disclosure (reduced frequencies, extended deadlines, etc.) are expected to apply from financial year 2027 onwards.*

MFSA's position: The MFSA would like to refer stakeholders to EIOPA's report on supervisory reporting and public disclosure requirements under Solvency II (EIOPA-26-081), published on 30

March 2026. The final report contains draft amendments to two Implementing Technical Standards (ITS) that set out supervisory reporting and disclosure requirements under Solvency II. In that report, EIOPA states that Q4 2026 and financial year 2026 reporting should continue to be prepared on the basis of the current Solvency II framework, notwithstanding that such reports will be submitted during 2027. EIOPA further indicated that the revised supervisory reporting requirements, including the new reporting templates and taxonomy, will apply from 30 January 2027, being the date of application of the Solvency II Review. Accordingly, the MFSA expects the 31 December 2026 annual reporting to be submitted during the 2027 filing cycle using the current Solvency II reporting framework. Reporting from Q1 2027 onwards should be prepared in accordance with the revised Solvency II reporting requirements and taxonomy, whilst annual reporting relating to the financial year ending 31 December 2027 should be submitted during the 2028 filing cycle in accordance with the revised framework, including the applicable reporting frequencies and deadlines.

3.6.3 ***Industry Comment****: A market participant provided an example of an undertaking with a year end of 30 April 2027 and sought clarification as to whether it would be required to prepare its SFCR in the new or old format in that specific case.*

MFSA's position: The MFSA would like to clarify that the same approach as the one described in paragraph 3.6.2 of this Feedback Statement applies to the public disclosure requirements. Namely the SFCR 2026, disclosed in 2027, should be prepared and disclosed in line with the current legal framework for the 2026 reporting period. Conversely, the SFCR for 2027, which is to be disclosed in 2028, should reflect and be prepared in accordance with the new provisions introduced under the revised framework. In this respect, please find below a table which was presented during the workshops:

Therefore, for the April 2027 annual submission		
Reporting reference date	**Submission period**	**Framework to use**
31 Dec 2026 annual reporting	April/May 2027	Current Solvency II taxonomy and templates (pre-review)
Q1 2027 reporting	May 2027 onwards	Revised Solvency II reporting requirements and new taxonomy
31 Dec 2027 annual reporting	2028 filing cycle	Revised annual framework and revised deadlines

3.6.4 ***Industry Comment****: A market participant welcomed the extension of the solo and group reporting deadlines but noted that the revised timetable may result in year-end reporting obligations coinciding with first-quarter reporting requirements. In this respect, the same market participant suggested the introduction of a simplified quarterly reporting framework for small and non-complex undertakings, captive undertakings and undertakings benefiting from proportionality measures under Article 29d of the Amending Directive. In particular, it was proposed that quarterly reporting be limited to the submission of management accounts together with a declaration of material changes affecting the undertaking's solvency position, thereby removing or reducing the requirement to submit QRTs and QNSTs. The same market participant further suggested that, where QRT reporting remains necessary for EIOPA reporting purposes, an exemption from QNST reporting be considered for such undertakings.*

MFSA's position: The MFSA acknowledges the market participant's observations regarding the potential operational challenges arising from the alignment of the extended annual reporting deadlines with first-quarter reporting obligations. The MFSA also notes the suggestion to introduce a simplified quarterly reporting framework for SNCUs, captive undertakings and undertakings approved to apply proportionality measures under Article 29d of the Amending Directive.

While the MFSA recognises the merits of further reporting simplifications from a proportionality perspective, the reporting requirements under the revised framework also serve the supervisory, statistical and financial stability needs of both local and European authorities. Accordingly, the MFSA does not intend, at this stage, to introduce additional reporting exemptions beyond those provided for under the Solvency II framework.

Nevertheless, the MFSA will continue to assess opportunities for further simplification, taking into account supervisory requirements, industry feedback and the needs of other authorities with whom the data is shared, including the National Statistics Office (NSO) and the Central Bank of Malta (CBM).

3.6.5 ***Industry Comment****: A market participant referred to the proposed extensions to reporting deadlines and noted that, whilst the deadlines applicable to the SFCR, RSR, AFS and ANSTs are proposed to be extended by four weeks, the deadline applicable to the AQRTs would only be extended by two weeks. The same market participant submitted that the operational benefit of the proposed AQRT extension may be limited given that AQRTs are subject to Board approval and that the organisation of multiple Board meetings within a relatively short timeframe may present practical challenges, particularly where directors are located outside Malta. Clarification was therefore sought regarding the rationale for the shorter AQRT extension and consideration was requested as to whether the AQRT submission deadlines could be aligned with the revised deadlines applicable to the other annual reporting requirements.*

MFSA's position: The MFSA notes the comments raised regarding the extension of the AQRT submission deadlines. However, it is to be noted that the AQRT reporting deadlines are prescribed under the Solvency II framework and are not within the MFSA's discretion to amend. Accordingly, the MFSA is not in a position to align the AQRT deadlines with the extended deadlines applicable to other annual reporting requirements.

3.6.6 ***Industry Comment****: A market participant referred to Article 51(5) of the Amending Directive, which provides that reinsurance undertakings may decide not to publish Part 1 of the Solvency and Financial Condition Report. In this regard, clarification was sought as to whether a reinsurance undertaking authorised in Malta may elect to prepare and publish only Part 2 of the SFCR and whether the MFSA intends to reflect this option in its supervisory expectations and guidance.*

MFSA's position: The MFSA confirms that, as established in the Amending Directive, reinsurance undertakings may choose to not disclose the part of the SFCR targeted at policyholders and beneficiaries. This provision recognises the specific nature of reinsurance business and provides reinsurance undertakings with the flexibility not to include this section in their public disclosure, where applicable. Accordingly, reinsurance undertakings may exercise this option in relation to the relevant section of the SFCR, in accordance with the conditions and requirements established under the Amending Directive.

4.0 Governance Requirements and Liquidity Risk Management Plans hereinafter referred to as LRMP

4.0.1 ***Industry Comment***: *Further explanation was sought regarding the expected frequency for the preparation and submission of LRMP. A market participant queried whether such plans are expected to be submitted on an annual basis, and whether they should be submitted as part of the ORSA process. Clarification was also sought as to whether, in the absence of a prescribed approach, undertakings may incorporate their liquidity assessment within the ORSA. Finally, the market participant requested confirmation as to whether the first LRMP is expected to be submitted in respect of the 2027 financial year.*

MFSA's position: The MFSA would like to clarify that the LRMP is not required to be submitted as part of the ORSA process. The LRMP is a distinct prudential tool intended to support the assessment of an undertaking's liquidity position through specific liquidity analyses, cash flow projections and related management actions, as required by Article 144a of the Amending Directive and the relevant Regulatory Technical Standards. At the same time, undertakings are expected to consider liquidity risk as part of their ORSA process to the extent that such risk is material to their risk profile. The ORSA should explain the undertaking's assessment of liquidity risk, its materiality, and any corresponding mitigation measures or management actions. While undertakings may leverage the analyses performed for one exercise when preparing for the other, the ORSA does not replace the LRMP and compliance with the ORSA requirements does not, in itself, satisfy the requirement to prepare an LRMP. Undertakings may choose to embed or cross-refer to elements of their liquidity risk assessment within the ORSA documentation, provided that all LRMP-specific requirements are separately addressed and the LRMP is submitted to the MFSA in accordance with the applicable requirements. With regard to the timing of the first submissions, the LRMP requirements will become applicable from 30 January 2027. Accordingly, the MFSA expects undertakings to ensure that an LRMP is in place from that date. However, the framework does not prescribe that the first LRMP must necessarily relate to the 2027 financial year-end reporting period. Further guidance on supervisory expectations in relation to the initial implementation of this requirement will be communicated, where necessary.

4.0.2 ***Industry Comment***: *Clarification was sought regarding the MFSA's expectations on minimum liquidity monitoring, documentation and Board oversight, where an exemption from a formal LRMP is granted.*

MFSA's position: The MFSA would like to clarify that undertakings benefiting from this proportionality measure are exempt from the requirement to draw up and submit specific and detailed LRMPs, including projections of incoming and outgoing cash flows in relation to their assets and liabilities. However, the MFSA emphasises that such undertakings remain responsible for managing liquidity risk in a prudent and proportionate manner and for ensuring that they are able to meet their obligations to policyholders and other counterparties as they fall due, including under stressed conditions.

The granting of this proportionality measure should therefore not be interpreted as an exemption from the broader obligation to maintain effective liquidity risk management arrangements appropriate to the undertaking's business and risk profile. Accordingly, the MFSA would expect undertakings availing themselves of this measure to maintain appropriate liquidity monitoring processes and supporting documentation commensurate with the nature, scale and complexity of their activities and liquidity risk exposures. Undertakings should also ensure that material liquidity issues, emerging liquidity risks, or significant changes in their liquidity position are appropriately escalated to senior management and, where necessary, to the Board to facilitate effective oversight and timely decision-making. The MFSA expects the Board to retain sufficient oversight of the undertaking's liquidity position and risk management framework, notwithstanding the exemption from a formal LRMP.

4.0.3 ***Industry Comment****: A market participant referred to the governance-related amendments set out in paragraph 3.1.4 of the Consultation Document and suggested that it would be beneficial for the MFSA to provide a sample questionnaire, template or specific guidance to support undertakings in conducting reviews of their system of governance and assessments of board members. The same market participant also requested further guidance regarding the MFSA's supervisory expectations in relation to board adequacy, composition and effectiveness. In particular, clarification was sought on the interaction between board self-assessments, reviews carried out by internal control functions and the supervisory review process. The market participant considered that additional guidance in this area would assist undertakings in aligning their governance arrangements with supervisory expectations.*

MFSA's position: The MFSA acknowledges the suggestion and recognizes the importance of ensuring that the Board of Directors remains effective, adequately composed and capable of discharging its responsibilities in a sound and prudent manner. However, consistent with the principles underpinning the Solvency II governance framework, undertakings are expected to assess the effectiveness of their system of governance, as well as the adequacy, composition, collective suitability and effectiveness of their board, in a manner that is proportionate to the nature, scale and complexity of their business. The MFSA does not currently envisage issuing a standard questionnaire, template, prescriptive guidance or prescribed assessment methodology for these reviews. The use of a regulator-designed format could encourage a more mechanistic or "tick-box" approach which may not adequately reflect the specific governance arrangements, risk profile and organisational structure of individual undertakings. Accordingly, responsibility for assessing the effectiveness of the system of governance and the board ultimately rests with the undertaking.

Boards remain responsible for determining the most appropriate methodology, assessment criteria and supporting evidence for the purpose of such reviews. While board self-assessments, reviews performed by internal control functions and the supervisory review process may be complementary, each serves a distinct purpose within the governance framework. The MFSA expects undertakings to establish robust and appropriately documented assessment processes that are tailored to their particular circumstances and are consistent with the applicable Solvency II governance requirements. As part of its supervisory activities, the MFSA may review the outcomes of such assessments and consider them alongside other available information when evaluating the effectiveness of an undertaking's system of governance.

4.0.4 ***Industry Comment****: A market participant sought clarification as to what the MFSA considers to constitute a "short-term" LRMP, particularly in terms of the relevant time horizon and level of granularity expected. Further clarification was sought as to whether the MFSA intends to prescribe standard stress scenarios, or a minimum set of stress scenarios, to promote consistency across undertakings, particularly in view of the fact that liquidity risk in life business is highly dependent on assumptions relating to policyholder behaviour, asset liquidity and reinsurance recoveries.*

MFSA's position: The MFSA would like to reiterate that the term "short-term" for the purposes of the LRMPs is defined in the Final Report on the draft Regulatory Technical Standards (RTS) on Liquidity Risk Management Plans (EIOPA-BoS-25/386, issued on 17 November 2025). The RTS have been submitted to the European Commission and are subject to the adoption process set out in Articles 10 to 14 of the EIOPA Regulation. In view of the harmonised framework being developed at European level, the MFSA does not currently intend to prescribe a separate definition of "short-term" or establish additional requirements regarding the time horizon or level of granularity beyond those envisaged in the applicable RTS and any accompanying guidance. Similarly, with regard to stress testing, the MFSA currently does not envisage prescribing standardised stress scenarios beyond those required under the European framework. Undertakings are expected to develop stress scenarios that are appropriate to the nature, scale and complexity of their business and that adequately reflect their specific liquidity risk profile, including relevant assumptions relating to policyholder behaviour, asset liquidity, reinsurance recoveries and other material liquidity risk drivers. The MFSA will continue to monitor developments at European level and will communicate any further supervisory expectations where necessary.

4.0.5 ***Industry Comment****: A market participant sought clarification as to whether the MFSA would consider granting exemptions from the requirement to prepare a LRMP where the undertaking's investment profile is highly liquid in nature. In this respect, reference was made to undertakings whose investment policies primarily permit holdings in cash, money market funds, short-term bank deposits, treasury bills or similar highly liquid assets.*

MFSA's position: The MFSA would like to refer to Article 144a of the Amending Directive which requires all insurance and reinsurance undertakings to prepare a LRMP. As such, the MFSA does not have the discretion to grant exemptions from this requirement beyond those provided for under the said Amending Directive. While the nature, scale and complexity of an undertaking's business, including the liquidity profile of its assets, may be relevant in determining the content, scope and level of detail of the LRMP in accordance with the principle of proportionality, they do not remove the obligation to establish and maintain such a plan. Accordingly, undertakings with predominantly liquid investment portfolios are still expected to prepare an LRMP, albeit one that appropriately reflects their specific liquidity risk profile and the corresponding liquidity risk management measures in place.

5.0 Proportionality for PCCs and Captive Insurance and Reinsurance Undertakings

5.1 Matters specific to protected cell companies ("PCCs") applying for the SNCU status or for proportionality measures

5.1.1 ***Industry Comment****: Clarification was sought as to whether, in the context of a PCC, a separate application is required to be submitted in respect of each individual cell.*

MFSA's position: The MFSA would like to clarify that a PCC is required to submit only one application. The non-SNCU application form will be revised to include a section specifically applicable to captive cell or cells of the PCC for which the application is being submitted.

5.1.2 ***Industry Comment****: A market participant understood that the four instances where the proportionality measures may be used by PCCs, as identified under paragraph 9 of the Consultation Document, are not intended to be mutually exclusive by the MFSA. The said market participant requested further explanation regarding whether a PCC undertaking may or may not apply for proportionality measures under more than one instance.*

MFSA's position: The MFSA would like to clarify that indeed the four instances identified in the recalled Section of the Consultation Document are not mutually exclusive, and that the PCC as a whole will apply for certain proportionality measures of which all or some will be then approved or not by the MFSA. Additionally, the PCC may apply for proportionality measures in relation to specific cells. The above applies solely to the following scenarios: When the PCC in its entirety is not classified as an SNCU and when only some cells of a PCC are captive cells. As clarified during the workshops, a PCC will file one application.

5.1.3 ***Industry Comment****: A market participant sought clarification on whether, in the case of a PCC where not all cells are captives the MFSA would allow for specific PCC provisions to align the reduced RSR and SFCR reporting frequencies applicable across different cells.*

MFSA's position: The MFSA would like to clarify that it will not provide specific provisions allowing reporting frequencies to be aligned across different cells within the same PCC. Accordingly, the reporting frequency applicable to each cell will continue to be determined in accordance with the relevant requirements applicable to that cell, and the fact that cells form part of the same PCC will not, in itself, provide a basis for adopting a common reporting frequency across those cells. This approach ensures that the applicable reporting requirements continue to be determined on the basis of the specific circumstances and regulatory requirements applicable to each individual cell.

5.2 Paragraph 9.1.6 of the Consultation Document – PCC Captive Cells

5.2.1 ***Industry Comment****: Further clarification was sought regarding the intended meaning and application of paragraph 9.1.6 of the Consultation Document, particularly the wording "will not impinge on the core of the PCC", which may give rise to uncertainty in practice. The market participant claimed that the Consultation Document does not specify the criteria or factors which the MFSA intends to consider when determining whether a captive cell impinges on the core of the PCC.*

MFSA's position: The Authority notes the comment received. The MFSA would like to clarify that a cell would be considered impinging on the core of the PCC where the core remains exposed to, or may be required to support, the liabilities or obligations of that particular cell. Conversely, where a cell operates on a fully non-recourse basis, such that there is no recourse to the core's assets, the cell would generally not be considered to impinge on the core. In this respect, captive cells which carry out business in line with the captive insurance undertaking and captive reinsurance undertaking definition may benefit from the use of a non-recourse arrangement, subject to the applicable legal and regulatory requirements.

5.2.2 ***Industry Comment****: A market participant welcomed the clarification provided in relation to PCC structures comprising both captive and non-captive cells and, in particular, the confirmation that captive cells may benefit from the proportionality measure relating to the exemption from the external audit of the Solvency and Financial Condition Report where such cells do not impinge on the core of the PCC. The same market participant sought clarification as to whether additional proportionality measures may also be applied at cell level to captive cells, having regard to their nature, scale and complexity. In particular, clarification was sought as to whether captive cells within a PCC may benefit from proportionality measures relating to governance, ORSA, RSR, reporting requirements, reduced reporting frequencies or other requirements where their risk profile is comparable to that of standalone captive undertakings.*

MFSA's position: As clarified in the Consultation Document, a PCC may, subject to meeting the applicable criteria in line with Article 29a(1) of the Amending Directive, notify the MFSA of its intention to be classified as an SNCU or apply to make use of proportionality measures in accordance with Article 29d of the Amending Directive. The Authority recognises that captive cells may, in certain circumstances, exhibit characteristics and risk profiles comparable to those of standalone captive undertakings. However, the assessment of eligibility for proportionality measures must take into account the legal and operational structure of the PCC as a whole, including any interdependencies between the core and the cells, the governance arrangements, risk management framework and the extent to which functions and resources are shared across the structure. Accordingly, the availability of proportionality measures beyond those specifically addressed in the Consultation Document cannot be determined solely by reference to the characteristics of an individual cell. The MFSA will assess requests for proportionality measures on a case-by-case basis, taking into consideration the nature, scale and complexity of the relevant activities, the risk profile of the undertaking and the specific features of the PCC structure.

6.0 Amendments to the Regulatory Framework for Groups

6.1 Deadline for the Group Audited Financial Statements

6.1.1 ***Industry Comment***: *With reference to the table under paragraph 4.4.4 of the Consultation Document, which does not include the deadline for the Group audited Financial Statements, a market participant sought clarification as to whether these can be aligned with the new deadline of the SFCR & RSR as per solo.*

MFSA's position: The MFSA clarifies that the deadline for the submission of the audited Financial Statements of the Insurance Holding Company is being extended from 20 weeks to 24 weeks following the end of the relevant reporting period. This extension provides the Insurance Holding Company with additional time to complete the audit process and finalise the audited Financial Statements prior to their submission, while maintaining a clear and defined deadline for the fulfilment of the applicable reporting requirements.

6.2 Group Supervision

6.2.1 ***Industry Comment***: *Clarification was sought regarding the conditions for classification of a group as SNCU in Article 213a (1), point (a) of the Amending Directive, which refers to the case where "at least one insurance or reinsurance undertaking in the scope of the group is not a non-life undertaking", particularly how point (b), which refers to the case where "at least one insurance or reinsurance undertaking in the scope of the group is not a life undertaking" should be understood.*

MFSA's position: The MFSA would like to clarify that the aim of Article 213a of the Amending Directive is to ensure that the appropriate quantitative threshold is used according to the nature of the risks in the group to classify such group as SNCU. A group carrying out exclusively life activities will fall only under (a), while a non-life group under (b) of Article 213a. A mixed group (with both life and non-life undertakings) will have to satisfy the conditions of both (a) and (b). Moreover, if an undertaking that is a member of the group is a composite undertaking, it automatically triggers that the group is categorised as carrying out both life and non-life activities. Consequently, the group must comply with the full set of quantitative criteria applicable to mixed/composite groups set out in both point (a) and point (b) of Article 213a (1).

6.2.2 ***Industry Comment****: Further guidance was requested, with reference to Article 29d of the Amending Directive, which provides for the possibility of non-SNCUs using proportionality measures subject to supervisory approval, and Article 213a (5) of the Amending Directive, which states that it applies mutatis mutandis to groups. Specifically, clarification was sought on which entity or entities within a group a proportionality measure approved at group level applies to.*

MFSA's position: The MFSA would like to clarify that the proportionality measures are applied at the level of the group and implemented by the participating insurance/reinsurance undertaking or the Insurance Holding Company or Mixed Financial Holding Company. It is to be clarified that this does not affect the possibility for individual undertakings within the group to apply proportionality measures at solo level, meaning that subsidiaries of the group must submit a separate application to the MFSA to benefit from proportionality measures.

6.2.3 ***Industry Comment****: Clarification was sought as to whether the group-level SFCR includes the section addressed to policyholders.*

MFSA's position: The MFSA would like to clarify that under the Amending Directive, the new policyholder-oriented section is generally not required in the Group SFCR. However, during the review process, EIOPA explicitly proposed that the SFCR changes should also apply at group level except for the section addressed to policyholders. EIOPA's rationale was that the policyholder-focused disclosure is primarily relevant at the insurer (solo) level rather than the group level.

6.2.4 ***Industry Comment****: Further clarification was requested as to whether Single Group SFCRs will require to be reported within the Solo or the Group reporting deadlines.*

MFSA's position: The MFSA would like to confirm that the Single Group SFCR should follow the new revised Solo reporting deadlines. Accordingly, the submission deadline for the Single Group SFCR will be aligned with the revised Solo reporting timetable, ensuring consistency between the respective reporting requirements and providing clarity on the applicable deadline for the submission of the Single Group SFCR.

6.2.5 ***Industry Comment****: Concerning the audit requirement of the balance sheet of the SFCR, a market participant sought clarification as to how proportionality shall be applied when a parent undertaking is SNCU.*

MFSA's position: The MFSA would like to make reference to Article 256c(4) of the Amending Directive, which provides that Article 51a of the Amending Directive applies *mutatis mutandis*. Article 256c(4) of the Amending Directive states that a parent undertaking (and its group) classified as an SNCU is exempt from the obligation to audit the group balance sheet disclosed in the group SFCR. The MFSA would like to reiterate that this exemption does not apply where the Member State of the parent undertaking has exercised the option provided for in Article 51a(2) of the Amending Directive to extend audit requirements to SNCUs as well.

6.2.6 ***Industry Comment****: A market participant noted that both solo and group entities are required to prepare separate Regular Supervisory Reports where applicable. The same market participant observed that certain group structures established for tax and corporate purposes may result in the creation of an insurance group despite having a relatively simple risk profile. In this regard, it was suggested that, where the underlying insurance undertaking is classified as an SNCU, a captive undertaking, or otherwise benefits from proportionality measures pursuant to Article 29d of the Amending Directive, consideration be given to a simplified reporting approach whereby a Group RSR* *is submitted together with a statement confirming that no material changes have occurred at solo level, in place of a separate full Solo RSR.*

MFSA's position: The MFSA notes the suggestion for a simplified reporting approach in circumstances where both solo and group Regular Supervisory Reports (RSRs) are required, particularly for groups with a simple risk profile. In this regard, the MFSA would like to clarify that it is its intention to provide the maximum proportionality benefits permitted under Solvency II in relation to the submission of the RSR. The application of any simplifications or reporting reliefs will therefore be considered within the parameters and flexibility provided by the Solvency II framework.

6.2.7 ***Industry Comment****: A market participant referred to paragraph 6.1.3 of the Consultation Document and sought clarification regarding the expectations of the MFSA concerning the reassessment of existing structures under the revised definition of an insurance group. In particular, clarification was requested as to whether the reassessment will be carried out by the MFSA, the timeline envisaged for the completion of such reassessments, and whether the MFSA intends to proactively engage with or formally notify undertakings that may fall within the revised definition of an insurance group.*

MFSA's position: The MFSA would like to clarify that the reassessment of existing structures against the revised definition of an insurance group should, in the first instance, be carried out by the undertaking itself. The MFSA will subsequently review the undertaking's assessment as part of its supervisory process and, where necessary, engage further with the undertaking regarding its classification under the revised framework.

6.2.8 ***Industry Comment****: Further clarification was sought regarding the application of paragraph 6.1.2 of the Consultation Document in circumstances where a group comprises both a Maltese undertaking and a non-Maltese undertaking, including undertakings located outside the European Union. In this regard, a market participant requested clarification as to whether the MFSA would consider acting as group supervisor, particularly where the Maltese undertaking is the dominant entity within the group.*

MFSA's position: The MFSA would like to clarify that the determination of the group supervisor is governed by the provisions of Solvency II. Accordingly, in cases involving groups comprising Maltese and non-Maltese undertakings, including undertakings established outside the European Union, the identification of the group supervisor will be carried out in accordance with the criteria set out in the Directive. The MFSA will therefore apply the relevant Solvency II provisions when assessing whether it is the appropriate authority to act as group supervisor.

7.0 Regulatory Amendments Relating to Cross-Border Activities and Group Structures

7.1 Enhanced Cross-border Supervision

7.1.1 ***Industry Comment****: With reference to Article 42(4) of the Amending Directive, which requires that supervisory authorities have the power to remove persons who effectively run the undertaking if they do not fulfil fit and proper requirements, and Article 257 of Solvency II which applies Article 42 mutatis mutandis in respect of persons who effectively run insurance holding companies (IHC) and mixed financial holding companies (MFHC) or who have other key functions, a market participant sought* *clarification as to which supervisory authority (whether it is the Host or the Home Member State) is expected to be able to exercise this power where the group supervisor is not in the same Member State as the head office of the IHC/MFHC.*

MFSA's position: Article 246(1) of the Amending Directive states that the solo governance requirements (Articles 41-50 of Solvency II) apply *mutatis mutandis* at the level of the group. Whilst Article 45 of the Amending Directive on the system of governance of the group shall cover participating insurance/reinsurance undertakings, parent IHC or parent MFHC. In this respect, the MFSA would like to clarify that the group supervisor is responsible for assessing the fitness and propriety of the management of the IHC or MFHC. Where following this assessment, the group supervisor concludes that a person does not meet the required standards, it must notify the supervisory authority of the Member State where the IHC or MFHC has its registered office. At that stage it would be up to the supervisory authority of that Member State to exercise its enforcement powers and require the removal of the person concerned, acting on the basis of the conclusions reached by the group supervisor.

7.1.2 ***Industry Comment****: While referring to Article 256c of the Amending Directive, which introduces an audit requirement for groups and provides in paragraph 4 that Article 51a of the Amending Directive shall apply mutatis mutandis, a market participant requested further explanation on which Member State law is to apply where the holding company's head office is in a Member State other than the Member State of the group supervisor.*

MFSA's position: The MFSA would like to clarify that, for the purpose of determining the scope and applicable requirements of the group audit under Article 256c of the Amending Directive, the relevant law is that of the Member State in which the group supervisor is located. Accordingly, Article 256c provides that Article 51a of the Amending Directive applies *mutatis mutandis* at group level, the audit requirements should be interpreted and applied by reference to the national legal framework implementing those provisions in the jurisdiction of the group supervisor. The MFSA notes that this approach is intended to promote consistency in the application of group supervisory requirements and to ensure that the audit of group disclosures is conducted within a single supervisory framework. Therefore, regardless of whether the holding company's head office is situated in another Member State, the applicable legal requirements governing the group audit will be those of the Member State of the group supervisor.

7.1.3 ***Industry Comment****: Clearer understanding was sought as to how the MFSA, in light of the Amending Directive, is identifying and addressing key emerging supervisory priorities, with particular regard to risks stemming from significant cross-border business activities.*

MFSA's position: The MFSA would like to clarify that for undertakings classified as carrying out "*significant cross-border activities*", undertakings are required to closely monitor risks particularly those that could trigger increased supervisory engagement or greater information sharing between Home and Host Member States. Particularly, the MFSA highlights several indicators requiring close scrutiny, including rapid premium growth, high or worsening complaint levels, outsourced claims handling, reliance on capacity-provider models, significant use of Managing General Agents (MGAs), ongoing reserve deterioration, and poor customer outcomes in host markets. These indicators broadly reflect patterns seen in past Freedom of Services (FoS) failures. As a result, both Home and Host authorities are likely to treat them as early warning signs, requiring timely supervisory attention and, where necessary, corrective action.

7.1.4 ***Industry Comment****: Further elaboration was requested in relation to any planned enhancements to the MFSA plans to make to the current cross-border supervisory framework, along with indications of whether firms should anticipate additional reporting obligations or requests for supplementary information as part of its supervisory oversight.*

MFSA's position: As noted in the workshops, the MFSA would like to clarify that the Amending Directive places greater emphasis on cooperation and information sharing between supervisory authorities when an undertaking carries on cross-border business. Whilst the Amending Directive does not introduce new reporting requirements for undertakings with significant cross-border business, these undertakings may still be asked to provide additional information as part of supervisory cooperation, and this may include details on solvency, governance, and conduct-of-business activities in the Host Member State. The MFSA would like to reiterate on the importance that license holders maintain strong data governance and reporting systems, so they can provide information promptly when requested by either the Home or Host regulatory authority.

7.1.5 ***Industry Comment****: A market participant suggested that the MFSA consider applying a more proportionate approach to the enhanced supervision of cross-border activities where such activities arise in the context of captive insurance business or similar arrangements involving corporate or group-internal clients, particularly where no individual policyholders are involved.*

MFSA's position: Articles 152aa and 152ab of the Amending Directive, establish the criteria for identifying undertakings engaged in significant cross-border activities and set out the corresponding enhanced supervisory cooperation arrangements between home and host supervisory authorities. The Amending Directive, when referring to the new concept of significant cross border activities, does not provide for any specific exemption, derogation, or simplified supervisory regime on the basis that an undertaking carries out captive insurance or captive reinsurance business. Accordingly, the captive nature of an undertaking's business does not, in itself, exclude it from the scope of the enhanced cross-border supervision framework where the conditions set out in Article 152aa of the Amending Directive are met. In the context of the new definition of "significant cross-border activities", the principle of proportionality operates primarily through the exclusion of undertakings classified as SNCUs. Consequently, a captive insurance undertaking or captive reinsurance undertaking will fall outside the scope of the enhanced cross-border supervision framework where it does not meet the criteria laid down in Article 152aa of the Amending Directive, including where it has been classified as an SNCU in accordance with the relevant provisions of the Directive.

8.0 Miscellaneous

8.1 Long-Term Equity Preferential Capital Charge

8.1.1 ***Industry Comment****: A number of market participants requested clarification as to whether there will be conditions on the use/distribution of capital relief from long-term equity investments.*

MFSA's position: The MFSA would like to clarify that the capital relief associated with long-term equity investments is intended to support a longer-term investment horizon and enhance the capacity of undertakings to allocate capital efficiently, while maintaining prudent risk management and policyholder protection. In this regard, the MFSA expects undertakings to exercise sound judgement in the use of any capital released as a result of the reduced capital requirement. The MFSA would not expect such relief to be used primarily to support increased dividend distributions or other forms of capital extraction. Rather, undertakings should consider deploying the freed-up capital in a manner that strengthens their long-term resilience, operational effectiveness and risk management capabilities. This may include investments aimed at enhancing IT systems, internal controls, governance frameworks, data quality, operational processes and other strategic initiatives that contribute to the undertaking's sustainable development and overall financial soundness. The MFSA will continue to monitor undertakings' capital management practices as part of its supervisory activities and expects any benefits arising from the proportionality measures to be applied in a prudent manner that is consistent with the long-term interests of policyholders and the sound operation of the undertaking.

8.1.2 ***Industry Comment***: *Clarification was sought concerning considerations for proportionality in the case of undertakings pertaining to large European groups, and also, how the amendments stemming from the Amending Directive can benefit the PCC regime in Malta.*

MFSA's position: The MFSA would like to clarify that the availability of proportionality measures under the revised Solvency II framework is determined by reference to the conditions and criteria established in the Amending Directive and is not, in itself, precluded by an undertaking's membership of a large European group. Accordingly, where an undertaking satisfies the criteria for classification as SNCU, it may notify the MFSA accordingly and, subject to the applicable provisions of the Amending Directive, benefit from the proportionality measures available to SNCUs. Where an undertaking does not meet the criteria for SNCU classification, it may nevertheless apply to make use of one or more proportionality measures pursuant to Article 29d of the Amending Directive. With regard to Protected Cell Companies (PCCs), the MFSA notes that the revised proportionality framework introduced by the Amending Directive provides greater clarity regarding the application of proportionality measures to different categories of undertakings, including captive insurance undertakings and captive reinsurance undertakings. As outlined in the Consultation Document and further clarified during the workshops, PCCs may, subject to meeting the applicable conditions, notify the MFSA of their intention to be classified as SNCUs or apply to make use of proportionality measures in accordance with the revised framework.

8.1.3 ***Industry Comment***: *A market participant sought clarification as to whether the MFSA intends to issue guidance on how undertakings should evidence compliance with the requirements of Article 105a, including the diversification requirement, and how the MFSA intends to assess and review eligibility for the long-term equity preferential capital charge in practice.*

MFSA's position: The MFSA notes that the conditions for the application of the long-term equity treatment are set out in Article 105a of the Solvency II Directive and are further now supplemented by the by Commission Delegated Regulation (EU) 2026/269 amending Delegated Regulation (EU) 2015/35 which has been released recently. This now includes further requirements concerning the demonstration of an undertaking's ability to avoid forced sales.

The MFSA does not currently intend to prescribe a separate national methodology for demonstrating compliance with Article 105a. Undertakings applying the long-term equity treatment are expected to maintain sufficient documentation and evidence to demonstrate compliance with all applicable conditions.

In relation to the diversification requirement under Article 105a, the MFSA considered that this should be assessed on a risk-based and proportionate basis, having regard to the composition and risk profile of the long-term equity portfolio. The MFSA does not intend to introduce fixed national concentration limits

The MFSA does not envisage establishing a separate national approval process for the application of long-term equity treatment. Undertakings remain responsible for demonstrating and maintaining compliance with Article 105a to the satisfaction of the MFSA, which may assess such compliance as part of its supervisory review and request further supporting information where considered necessary.

8.2 Risk Margin

8.2.1 ***Industry Comment****: A market participant sought clarification as to whether the MFSA expects the parameters relevant to the risk margin framework to be reviewed periodically going forward and, if so, the frequency with which such reviews may be expected.*

MFSA's position: The MFSA would like to clarify that the parameters underlying the risk margin framework are established at EU level and are therefore not subject to national calibration or review by the MFSA. The MFSA would also like to note that, under the amended Solvency II Directive, the Cost-of-Capital rate will be set at 4.75% with effect from 30 January 2027. The Directive provides for a periodic review of this rate by the European Commission, with the first review to be undertaken no earlier than 31 January 2032. Where such a review concludes that the rate is no longer appropriate, the Commission may amend it within the range prescribed in the Directive. In addition, the time-dependent adjustment introduced as part of the revised risk margin methodology forms part of the harmonised EU framework and is not subject to separate national review or recalibration. Accordingly, the MFSA would follow any future reviews or amendments undertaken at Union level and does not envisage conducting separate national reviews of the parameters used in the risk margin calculation.

8.3 Eligible Entities for GAPEE Purposes

8.3.1 ***Industry Comment****: A market participant suggested that small and non-complex undertakings and authorised insurance and reinsurance undertakings benefiting from proportionality measures pursuant to the Amending Directive should be included within the definition of eligible entities for the purposes of the GAPEE Regulations. The same market participant submitted that, given the proportionality objectives underpinning the Amending Directive, excluding such undertakings from the scope of eligible entities for GAPEE purposes may be inconsistent with the broader objective of reducing unnecessary operational and administrative burdens for smaller and less complex undertakings.*

MFSA's position: The General Accounting Principles in Respect of Certain Eligible Entities Related to the Business of Insurance Regulations (Legal Notice 299 of 2023) (the GAPEE Regulations) are issued under the Accountancy Profession Act and constitute an accounting framework that is entirely separate from the Solvency II review. The purpose of the GAPEE Regulations is to establish the general accounting principles that must be applied by eligible entities related to the business of insurance that meet all the criteria specified in the Regulations. Consequently, the assessment carried out under the GAPEE Regulations differs from the assessment performed under the Solvency II Directive, as each is based on a distinct regulatory framework and objective.

9.0 Way Forward

A Circular will be issued to inform market participants of the publication of this Feedback Statement.

10.0 Contacts

Any queries or requests for clarifications in respect of the above should be addressed by email on ips_legal@mfsa.mt.