

1 Foreword

The Investment Supervision Function is responsible for supervising entities under the Investment Services Act. This newsletter brings to the attention of the investment services industry a selection of important publications issued by the MFSA, the European Commission, and the European Supervisory Authorities (ESAs) between 4 March 2026 and 7 October 2026 following the previous regulatory briefing issued on [3 March 2026](#).

This briefing does not aim to provide an exhaustive list of all publications. It specifically focuses on key developments such as:

- MFSA updates and positions adopted;
- Legislative proposals and Regulatory Technical Standards;
- Consultations to which the industry is invited to contribute;
- Updates to Q&A documents and other convergence measures;
- Publication of guidelines and reports issued by the ESAs.

2 MFSA Updates

Implementation of ESA Guidelines

On 9 March 2026, the MFSA published a [Circular](#) outlining amendments to the Investment Services Rulebooks to implement ESMA's Guidelines on Outsourcing to Cloud Service Providers, following the introduction of the DORA Regulation. The amendments also streamlined the MFSA's approach to MiCA-related Guidelines by replacing references to individual guidelines with a single overarching compliance requirement thereby ensuring continued alignment with the evolving EU supervisory framework.

Position Paper on Potential Use of Tokenisation of Fund Units – Tokenised Fund Units as Collateral within Permissioned DLT Networks

On 10 March 2026, the MFSA published a [Position Paper](#) setting out its regulatory position on the potential use of tokenised fund units within permissioned Distributed Ledger Technology (DLT) networks. Building on the Authority's earlier work on the tokenisation of fund units, the paper explores how tokenised fund units may be used to support collateral arrangements while maintaining existing investor protection, governance, and regulatory safeguards

The paper outlines a proposed operational model for the collateralisation of tokenised fund units, together with the applicable regulatory framework, governance expectations, and associated legal and operational considerations. It examines the potential benefits of using permissioned DLT networks, including enhanced efficiency, transparency, and settlement processes, while identifying key risks relating to cybersecurity, valuation, interoperability, and investor protection, alongside measures to mitigate these risks.

Circular on Changes to Depositary Rulebook and the Depositary Financial Return

The [Circular](#) issued on 24 March 2026 communicated: (a) revisions to the Depositary Rulebook, following the consultation concluded on 14 November 2025, and (b) a revised Depositary Financial Return.

The revised framework consolidates the existing depositary reporting templates into a single financial return, significantly reducing the reporting burden and introducing updated reporting frequencies and submission requirements. The Circular also provides guidance on data quality standards, reporting procedures through FinHub, and the removal of the requirement for the Depositary Financial Return to be audited by an independent auditor. In addition, the Depositary Rulebook has been amended to address industry feedback, including clarifications for entities holding multiple licences, refinements to the call-back procedure, and alignment of the reporting framework with the revised supervisory requirements.

Circular Providing Clarifications on Liquidity Management Requirements introduced under AIFMD II and UCITS VI

The [Circular](#) issued on 10 April 2026 provides regulatory clarification on the liquidity management requirements introduced under AIFMD II and UCITS VI, pending the completion of the transposition of Directive (EU) 2024/927 into the Maltese regulatory framework. It sets out the MFSA's supervisory expectations to facilitate industry preparedness and ensure the timely implementation of the revised liquidity management regime applicable to UCITS Management Companies, AIFMs of open-ended AIFs, and self-managed funds.

It clarifies the requirement for in-scope funds to select and disclose at least two liquidity management tools, in addition to suspensions and side pockets, based on the characteristics of each fund at sub-fund level. It also establishes transitional arrangements for the implementation of ESMA's Regulatory Technical Standards and Guidelines on Liquidity Management Tools, provides guidance on their application to open-ended funds, including those subject to lock-up periods and fund mergers, and outlines the deadlines for updating offering documentation and achieving full operational compliance.

Amendments to the NPIF Rulebook to Enhance Malta's offering for Single-Family Offices

On 28 April 2026, the MFSA published a [Circular](#) announcing amendments to the Notified Professional Investor Fund (NPIF) Rulebook to further enhance Malta's framework for Single-Family Offices. Building on the amendments introduced in November 2024, the Circular extends the existing regulatory framework to self-managed NPIFs, ensuring consistent treatment between self-managed and third-party managed structures. It also introduces targeted policy refinements aimed at facilitating the establishment and operation of Single-Family Office investment structures while preserving appropriate regulatory safeguards.

The amendments exempt eligible self-managed NPIFs from the assets under management thresholds ordinarily applicable under the NPIF Supplementary Rules, subject to specified conditions, and align the definition of "family member" with that contained in the Trustees of Family Trusts Rulebook. The amendments also introduce a limited exemption from certain fit and proper assessment requirements for Due Diligence Service Providers in specified circumstances. The NPIF Rulebook, Supplementary Rules, Notification Form, and related annexes were updated to reflect the revised framework.

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

On 30 April 2026, the MFSA issued a [Circular](#) outlining extensive amendments to the Investment Services Rulebooks to implement and transpose the requirements of AIFMD II and UCITS VI, pending the completion

of the corresponding amendments to the primary and secondary legislative framework. The Circular also clarified the interaction between the revised framework and the ELTIF Regulation, particularly in relation to the extension of the ELTIF framework to Notified AIFs.

The amendments strengthen governance, organisational substance, delegation and outsourcing requirements, while introducing harmonised liquidity management obligations and a dedicated framework for loan-originating funds. They also expand the ancillary services available to AIFMs and UCITS Management Companies, enhance investor disclosure and supervisory reporting obligations, introduce transitional arrangements for existing licence holders. In addition, amendments implement a number of Member State options available under AIFMD II, including the possibility to appoint depositaries established in other EU Member States under specified conditions.

In July, the MFSA also published [a concise overview of the ELTIF framework](#) and its key features.

Introduction of the Harmonised Regulatory Reporting Framework (HRRF)

The MFSA issued a [Circular](#) on 14 July 2026 introducing the Harmonised Regulatory Reporting Framework (HRRF), a new standardised framework developed in collaboration with the Financial Intelligence Analysis Unit to modernise and streamline domestic regulatory reporting. The initiative seeks to reduce the administrative burden on authorised persons by harmonising reporting requirements, eliminating duplicative data requests, and introducing a consistent reporting mechanism across sectors. It also provides for the incorporation of revised AML/CFT reporting requirements to align with the forthcoming Regulatory Technical Standards under AMLD6.

The Circular outlines the phased implementation of the HRRF, beginning with Company Service Providers, Registered Trustees of Family Trusts, Financial Institutions and Crypto-Asset Service Providers, for whom JSON-based reporting will become mandatory with effect from January 2027. It also sets out the implementation timeline, including the publication of technical specifications, industry testing and stakeholder seminars, and confirms that the MFSA will provide a JSON conversion tool. The remaining financial sectors, including Investment and Securities, Insurance and Pensions, will transition to the new framework under a subsequent implementation phase.

Amendments to Subsidiary Legislation for the Partial Transposition and Implementation of Directive (EU) 2024/927

On 20 July 2026, the MFSA issued a [Circular](#) outlining amendments to subsidiary legislation as part of the implementation of AIFMD II and UCITS VI, following the earlier Circular on amendments to the Investment Services Rulebooks. The Circular summarises the legislative changes introduced through a number of amending Legal Notices, which primarily strengthen the regulatory framework governing UCITS, AIFMs, depositaries and cross-border activities, while also aligning domestic legislation with the revised EU framework and updated terminology.

The legislative amendments strengthen cross-border supervisory cooperation, information-sharing, reporting obligations and liquidity management requirements, while revising the frameworks governing the marketing of UCITS and AIFs and the supervision of third-country AIFMs. They also modernise the depositary regime by

introducing provisions governing the appointment of depositaries established in other EU Member States, revising licensing and eligibility requirements, and replacing references to "custodians" with "depositaries" throughout the relevant subsidiary legislation to ensure consistency with EU legislation. The Circular further notes that the wider legislative package includes amendments to the Investment Services Act and the Financial Markets Act to complete the transposition of AIFMD II and UCITS VI.

ESMA Publishes Its Common Supervisory Action ("CSA") for 2026

On 22 July 2026, the MFSA issued a [Circular](#) informing the industry of ESMA's 2026 CSA on the risk management function of Alternative Investment Fund Managers, UCITS Management Companies and self-managed UCITS and Alternative Investment Funds. The Circular outlines the Authority's participation in the coordinated supervisory exercise and provides an overview of the supervisory approach that will be adopted in Malta. The MFSA subsequently held an industry webinar on 9 September 2026, providing further insight into the CSA's supervisory context, scope and assessment methodology. The CSA will assess the effectiveness of the risk management function of Management Companies, with particular emphasis on governance and organisational arrangements, risk identification, measurement, monitoring and management processes, and reporting to senior management and governing bodies.

Amendments to Section 13 of Part A and Section 7 of Part BI of the Investment Services Rules for Investment Services Providers

On 6 August 2026, the MFSA issued a [Circular](#) outlining amendments to Part A and Part BI of the Investment Services Rules for Investment Services Providers, primarily concerning applicants and licence holders offering CFDs and/or rolling spot forex contracts. The amendments form part of the Authority's ongoing Rulebook review and seek to ensure that regulatory requirements remain proportionate, effective and aligned with EU legislation and developments in supervisory practices.

The amendments remove the definition of "Trading Organisation", the 10% shareholding requirement by a reputable regulated entity and the existing €750,000 initial capital requirement, with capital thresholds instead aligned with those established under the Investment Firms Directive. Competence requirements have also been revised to focus on relevant experience and qualifications, while organisational requirements for the risk management function have been streamlined, including removing the requirement for the function to be based in Malta.

The Circular further removes certain legacy requirements concerning proprietary trading platforms and the location of core systems, which have been superseded by DORA. In addition, the framework governing liquidity providers and counterparties has been strengthened by introducing enhanced due diligence, notification and documentation requirements, while maintaining the MFSA's supervisory oversight. The amendments are applicable with immediate effect.

Dear CEO Letter on the Outcomes-Based Review of Outsourcing by Fund Managers

On 14 September 2026, the MFSA published a [Dear CEO Letter](#) setting out the findings and supervisory expectations arising from its Outcomes-Based Review on the outsourcing of critical functions by Fund Managers. The review assessed approximately 16% of authorised Fund Managers and examined the

outsourcing lifecycle. The review identified a number of areas requiring improvement, including the need for more structured and risk-based selection criteria, appropriate classification of in-house and outsourced functions, enhanced due diligence and oversight of service providers, and more effective management of conflicts of interest.

Various Amendments to the Investment Services Rulebooks

On 5 October 2026, the MFSA issued a [Circular](#) outlining various amendments to the Investment Services Rulebooks applicable to Investment Services Licence Holders, Investment Firms, Funds, Fund Managers and Depositaries. The amendments follow a comprehensive review of the Rulebooks, particularly in the context of the regulatory framework applicable to depositaries, and seek to improve consistency, correct editorial issues and update references.

The amendments primarily replace references to “custodian” with “depository” to align with EU terminology, correct typographical, formatting and cross-referencing errors, and update outdated references across the relevant Rulebooks. The Circular also introduces a new standardised reporting template for Liquidity Management Tools applicable to UCITS schemes and AIFMs, following the transposition of AIFMD II. The template will facilitate the submission of LMT-related information to the MFSA and support the Authority’s reporting obligations towards ESMA and the ESRB. The revised Rulebooks will enter into force on the day following publication of the Circular.

3 ESMA Publications

Guidelines on liquidity management tools of UCITS and open-ended AIFs

On 12 March 2026, ESMA published [Guidelines on Liquidity Management Tools \(LMTs\) of UCITS and open-ended Alternative Investment Funds \(AIFs\)](#) to support the harmonised implementation of the liquidity management framework introduced under AIFMD II and UCITS VI. The Guidelines establish common expectations for fund managers regarding the selection, calibration, activation and deactivation of LMTs, promoting consistent liquidity risk management practices across the European Union while mitigating financial stability risks.

The Guidelines clarify that fund managers remain primarily responsible for selecting and operating appropriate LMTs, taking into account the investment strategy, liquidity profile, investor base and results of liquidity stress testing. They also provide detailed guidance on the use and calibration of individual LMTs, including redemption gates, notice periods, redemptions in kind, anti-dilution tools, suspensions and side pockets, and set out the circumstances in which such tools should be activated to ensure their consistent application and the protection of investors’ interests.

Final report on the integrated collection of funds’ data

On 4 May 2026, ESMA published its [Final Report](#) on the integrated collection of funds’ data, setting out recommendations for the development of a harmonised supervisory reporting framework for investment funds under the revised AIFMD and UCITS Directive. The Report identifies the key principles, preferred options and implementation approach for an integrated reporting model designed to standardise supervisory

reporting, reduce duplicative reporting requirements and enhance the sharing and reuse of supervisory data across the EU.

The Report recommends the introduction of a single, modular and dynamic reporting template, supported by a common regulatory data dictionary and a “report once, use many times” reporting model. ESMA also proposes a centralised EU data hub to facilitate data validation, sharing and analytics while maintaining national data collection. The recommendations will underpin the forthcoming Regulatory Technical Standards and Implementing Technical Standards under the revised AIFMD and UCITS framework, which are expected to establish a more harmonised and integrated supervisory reporting framework for investment funds.

Statement on results of the CSA on MiFID II sustainability aspects

On 6 May 2026, ESMA published a [Statement](#) presenting the results of the CSA on the integration of sustainability requirements into firms’ suitability assessment and product governance arrangements under MiFID II. Conducted by 29 national competent authorities during 2024 and 2025, the exercise assessed firms’ implementation of the sustainability-related requirements introduced under the MiFID II Delegated Acts and the related ESMA Guidelines.

The Statement concludes that firms have made significant progress in embedding sustainability considerations within their suitability and product governance frameworks, whilst identifying areas requiring further enhancement to ensure the consistent application of the MiFID II sustainability requirements. The findings provide firms with an indication of the areas that are likely to remain a focus of supervisory engagement pending the outcome of the ongoing reviews of the Sustainable Finance Disclosure Regulation and the Retail Investment Strategy.

Consultation paper on the Guidelines on stress test scenarios under the MMF Regulation

On 5 May 2026, ESMA published a [Consultation Paper](#) proposing amendments to the Guidelines on Stress Test Scenarios under the Money Market Funds (MMF) Regulation. The proposals sought stakeholders’ views on a revised approach to the annual update of the stress test calibration parameters, which was replacing the current requirement to update the Guidelines annually with the publication of updated calibration parameters on a dedicated ESMA webpage, while maintaining the existing methodology and framework for MMF stress testing.

Final Report on the CSA on Compliance and Internal Audit Functions

On 11 May 2026, ESMA published its [Final Report](#) on the 2025 CSA on the compliance and internal audit functions of Alternative Investment Fund Managers and UCITS management companies. Conducted by all EU and EEA national competent authorities, the exercise assessed firms’ compliance with the organisational requirements governing compliance and internal audit functions under the AIFMD and UCITS frameworks, with the objective of promoting consistent supervisory practices across Member States.

The Report concludes that, whilst the overall level of compliance was satisfactory, the supervisory exercise identified recurring weaknesses in the independence, resourcing and effectiveness of compliance and internal

audit functions, as well as in governance, documentation and risk assessment processes. ESMA reiterates that fund managers remain responsible for ensuring that compliance and internal audit functions are appropriately resourced, operate independently and are supported by effective governance and internal control arrangements, including where related activities are performed by third-party service providers.

The findings of the CSA are also consistent with the MFSA's observations and supervisory expectations communicated to Management Companies through its [Dear CEO Letter of 23 February 2026](#), following the MFSA's thematic review conducted as part of the CSA. The Letter highlighted, amongst other matters, the importance of effective risk-based compliance monitoring, adequate Board oversight, robust documentation and timely remediation of identified deficiencies.

4 EBA Publications

Final Report on revised SREP and Supervisory Stress Testing Guidelines

On 26 June 2026, the EBA published its [Final Report](#) on revised Guidelines on the common procedures and methodologies for the Supervisory Review and Evaluation Process (SREP) and supervisory stress testing under the Capital Requirements Directive (CRD), which will become applicable as from 1 January 2027. The revised Guidelines consolidate the existing SREP framework into a single, comprehensive set of supervisory guidelines, reflecting legislative developments introduced under CRD VI, CRR III and the Digital Operational Resilience Act (DORA), whilst incorporating lessons learned from almost a decade of supervisory practice.

The revised Guidelines integrate new supervisory considerations relating to environmental, social and governance (ESG) risks, operational resilience and third-country branches within the existing SREP framework, whilst also clarifying the interaction between Pillar 1 and Pillar 2 capital requirements following the implementation of the Basel III reforms within the EU prudential framework.

Final Report on Guidelines on the Authorisation of Third-Country Branches

On 7 July 2026, the EBA published its [Final Report](#) containing Draft Guidelines on the authorisation of third-country branches under the CRD VI. The Guidelines establish a harmonised framework for the authorisation of third-country branches across the European Union by specifying the information to be submitted as part of an authorisation application, the assessment methodology to be applied by competent authorities and the procedures and standard templates to be used throughout the authorisation process.

EBA Consults on RTS for Reclassification of Investment Firms as Credit Institutions

Under the CRD, investment firms whose total assets exceed EUR 30 billion are required to obtain a credit institution authorisation rather than operate under a MiFID investment firm authorisation. Article 4(1) of the IFR has been amended to update the definition of credit institution. In this regard, the EBA launched a consultation on three draft Regulatory Technical Standards (RTS) on the reclassification of investment firms as credit institutions, when they exceed the EUR 30 billion total assets threshold.

The revised RTS reflect the 2024 amendments to the Capital Requirements Directive (CRD), which clarified the scope of entities to be included in the calculation of the total assets, and contribute to a more proportionate

and risk-based application of the framework for investment firms. The proposals clarify how total assets should be calculated against this threshold, how investment firms should report this information to competent authorities, and the conditions under which competent authorities can decide to grant a waiver. ***Investment firms are invited to submit their comments on the consultation paper, on the EBA consultation page by 25 November 2026.***

5 European Commission Publications

Targeted consultation on the review of Regulation on the Markets in Crypto-Assets (MiCA)

On 10 July 2026, the European Commission launched a [targeted consultation](#) on the review of the MiCA Regulation, seeking stakeholders' feedback on whether the current regulatory framework remains fit for purpose in light of evolving crypto-asset markets, technological developments and international regulatory approaches. The consultation also aims to identify areas where MiCA could be simplified, clarified or amended, whilst supporting innovation, investor protection, market integrity and financial stability. Stakeholders were invited to submit their feedback by 30 September 2026.

The consultation seeks views on a broad range of policy areas, including the scope and classification of crypto-assets, the regulatory framework for asset-referenced tokens, e-money tokens and crypto-asset service providers, as well as matters currently outside MiCA's scope, such as decentralised finance, crypto-asset lending and borrowing, staking, non-fungible tokens, prediction markets, perpetual futures and the legal treatment of tokenised assets.

6 Other

Market Integration Package

During the reporting period, EU Member States continued to progress on EU Commission Market Integration and Supervision Package proposal (MISP), with discussions at Council level focusing on the development of a common negotiating position. As a key initiative under the Savings and Investments Union, the focal point of MISP remains the reduction of market fragmentation, strengthening supervisory convergence and facilitating greater cross-border integration of EU capital markets. Within the asset management sector, the priorities remain the introduction of a depositary passport, enhancements to the passporting notification mechanism, and simplified due diligence on EU group entities.

Whilst the legislative proposals remain under negotiation, discussions have continued on key elements of the Package, including the proposed expansion of ESMA's supervisory powers, measures to facilitate harmonised cross-border operations and reforms intended to improve the efficiency and integration of EU capital markets, such as depositary passport. The Irish Presidency has identified the MISP as a legislative priority and is aiming to secure a Council General Approach during 2026, following which negotiations with the European Parliament are expected to commence.