MFSA MALTA FINANCIAL SERVICES AUTHORITY

Circular

16 November 2026

Conduct of Business Rulebook for Credit Institutions offering Retail Products and Services: Applicable from 20 November 2026

A. Introduction and applicability:

This Circular is addressed to all **Credit Institutions** offering consumer credit agreements, credit agreements relating to residential immovable property and payment accounts, which fall within scope of the following Directives:

- The Mortgage Credit Directive (Directive 2014/17/EU) hereinafter referred to as MCD;
- The Payment Accounts Directive (Directive 2014/92/EU) hereinafter referred to as PAD;
- The Consumer Credit Directive (Directive 2008/48/EC) hereinafter referred to as CCD I (to be replaced by the Consumer Credit Directive II (Directive 2023/2225/EC) hereinafter referred to as CCDII

and, furthermore, falling within scope of the Conduct of Business Rulebook for Credit Institutions Offering Retail Products and Services (herein after referred to as the Rulebook) which is coming into force on 20 November 2026.

B. Background

Reference is made to the MFSA Circular dated 20 November 2025, concerning the Consumer Credit Directive II (Directive (EU) 2023/2025) and its transposition in the Rulebook.

In this regard, the **purpose of this Circular is to remind the industry that the captioned Rulebook will come into force on 20 November 2026**. Consequently, the Conduct of Business Rulebook applicable from 6 October 2026 will be superseded by the Conduct of Business Rulebook for Credit Institutions Offering Retail Products and Services applicable 20 November 2026. For avoidance of doubt, as from 20 November 2026, there will only be **one** Rulebook.

Furthermore, this Circular also highlights **minor and technical amendments to the Rulebook**, which are being brought to your attention, and which are also applicable from 20 November 2026. These minor amendments were brought about due to:

(a) Technical amendments arising from the Corrigendum to CCD II and,
(b) Minor amendments for clarification purposes.

These minor amendments are further detailed below, indicating the Rules which are being amended.

C. Technical Amendments arising from the Corrigendum to CCD II

By way of background, the Corrigendum of CCD II amends four (4) articles of the CCD II Directive, namely:

- Article 2(7);
- Article 3(20)(a);
- Article 10(5) and
- Article 16(2)(a).

These amendments are technical in nature and ensure that the correct provisions are referenced, aligning cross-referencing with intended articles, clarify the definition of a linked credit agreement and improve the directive's drafting precision concerning advisory services. Due to these amendments, the MFSA is aligning its Rulebook therewith, the latter being revised accordingly in line with the Corrigendum to CCD II. The (4) amendments to the Rulebook are further detailed below:

(i) Applicability in the context of Consumer Credit Agreements – Point (c) (last para) – Page 28 of the Rulebook
Aligned with Article 2(7) of CCD II

Previous text:
"…the following rules shall apply: R.1.3.114, R.1.3.123 to R.1.3.128A, R.1.3.137, R.1.3.138 (a) to (h) and (l) and (r), R.1.3.139 to R.1.3.141, R.1.3.146 to R.1.3.148A.3, R.2.2.45, R.2.2.47A.1 to R.2.2.47A.7, R.3.13.64 to R.3.13.67, R.5.3.52A and R.5.3.52B, Article 19 of Directive (EU) 2023/2225, R.5.4.131B.1. and R.5.4.131B2, R.5.8.185 to R.5.8.188, R.5.9.201 to R.5.9.207, and R.5.10.215 to R.5.10.217C."

Revised:
"…the following rules shall apply: R.1.3.114, R.1.3.123 to R.1.3.128A, R.1.3.137, R.1.3.138 (a) to (h) and (l) and (s), R.1.3.139 to R.1.3.141, R.1.3.146 to R.1.3.148A.3, R.2.2.45, R.2.2.47A.1 to R.2.2.47A.7, R.3.13.64 to R.3.13.67, R.5.3.52A and R.5.3.52B, Article 19 of Directive (EU) 2023/2225, R.5.4.131B.1. and R.5.4.131B2, R.5.8.185 to R.5.8.188, R.5.9.201 to R.5.9.207, and R.5.10.215 to R.5.10.217C."

Explanation:
The change is in the cross-reference. Article 2(7) of CCD II originally referred to point (r) when identifying the applicable provisions that applied in the exemption provision concerning deferred payments or repayment methods in case of defaulting or likely to default clients. The Corrigendum to CCD II amends this cross-reference with point (s) and avoids the application of the wrong consumer information requirement.

(ii) Definition of Linked Credit Agreements – page 20
Aligned with Article 3(20)(a) of CCD II

Previous text:
"A credit agreement where:
(a) the credit or services in question serves exclusively to finance an agreement for the supply of specific goods or the provision of a specific service, and"

Revised:
"A credit agreement where:
(a) the credit serves exclusively to finance an agreement for the supply of specific goods or the provision of a specific service, and

Explanation:

The change is in the deletion of the text: "or services in question". This text was conceptually incorrect, and the CCD II corrigendum now clarifies that only the credit must exclusively finance an agreement for the supply of specific good or the provision of a specific service.

(iii) R.1.3.118B (d)
Aligned with Article 10(5)(d) of CCD II

Previous text:
"(d) where a credit agreement provides different ways of drawdown with different charges or borrowing rates and the creditor uses the assumption set out in Annex III, Part II, point (b), an indication that other drawdown mechanisms for the relevant type of credit agreement may result in higher annual percentage rates of charge;"

Revised:
"(d) where a credit agreement provides different ways of drawdown with different charges or borrowing rates and the creditor uses the assumption set out in Annex III, Part II, point (c), an indication that other drawdown mechanisms for the relevant type of credit agreement may result in higher annual percentage rates of charge;"

Explanation:
The change is in the cross-reference. Article 10(5)(d) of CCD II originally referred to Annex III, Part II, point (b). This provision related to pre-contractual information where a credit agreement permitted different methods of drawdowns which could result in different borrowing rates. By means of the CCDII corrigendum, this cross reference was amended to Annex III, Part II, point (c).

(iv) R.1.3.148B.2 (a)
Aligned with Article 16(2)(a) of CCD II

Previous text:
"(a) an indication of whether the recommendation will be based on only their own product range, or on a wide range of products from across the market in accordance with R.1.3.148B.3 (c) below;"

Revised:
"(a) an indication of whether the recommendation will be based on only their own product range, in accordance with R.1.3.148B.3 (c) below, or on a wide range of products from across the market;"

Explanation:
The change is in the sentence structure and meaning. Article 16(2)(a) of CCD II originally read as though both types of recommendations had to comply with R.1.3.148B.3. The Corrigendum to CCD II clarified that the cross-reference to R.1.3.148B.3 applies solely to the recommendation based on the creditor or intermediary's own product range.

D. Other Minor Amendments

The following rules are being clarified hereunder:

(i) Rule 1.1.7 (second para) is being amended as follows:

Previous text:
"Information disclosed in conjunction to Credit Agreements – whether relating to residential immovable property or otherwise – should be disclosed to Clients in plain English language and, if requested by the Client, in Maltese or in any other language agreed upon by the Client and the Regulated Person, and with any deemed technical terms being explained therein, in order for it to be clear and non-misleading to Clients."

Revised:
"Information disclosed in conjunction to Credit Agreements – whether relating to residential immovable property or otherwise – should be disclosed to Clients in plain English language and/or, if requested by the Client, in Maltese or in any other language agreed upon by the Client and the Regulated Person, and with any deemed technical terms being explained therein, in order for it to be clear and non-misleading to Clients."

Explanation:
The intention behind such minor change is to clarify that the information communicated in relation to credit agreements can also be communicated in another language, apart from the English language, only if, this is agreeable to the client. This particular change addresses credit institutions who cater for non-English speaking clients, wherein such cases the English version need not be produced.

(ii) **R.1.3.118A** is being amended as follows:

Previous text:
"In the event that all the elements referred to in Rule 1.3.118 cannot be displayed in a prominent way on one page, they shall be displayed in the first part of the Standard European Consumer Credit Information form on two pages at most. In that case, the information referred to in points (a) to (g) of Rule 1.3.118 shall be displayed on the first page of the form."

Revised:
"In the event that all the elements referred to in Rule 1.3.118 cannot be displayed in a prominent way on one page, they shall be displayed in the first part of the Standard European Consumer Credit Information form on two pages at most. In that case, the information referred to in points (a) to (h) of Rule 1.3.118 shall be displayed on the first page of the form."

Explanation:
This change was deemed necessary due to an error in the transposition process, whereby point (h) was erroneously left out. In this regard, R.1.3.118 (point (h)) which relates to the costs in case of late payments shall be displayed on the first page of the Standard European Consumer Credit Information Form.

E. EBA/GL/2026/07 – EBA guidelines on product oversight and governance arrangements for retail banking products to take into account products with ESG features and greenwashing risks

On another note, the Authority would like to bring to your attention the captioned EBA guidelines (EBA amending GLs on POG GLs - Final report.pdf) which will shortly enter into force, **with an applicable date of 11 January 2027**. In this regard, the necessary amendments arising from the captioned EBA guidelines will be reflected within the Rulebook in due course, and shall apply accordingly from the applicable date above mentioned.

F. The Right to be Forgotten

Furthermore, the Authority would like to bring to your attention to the Protection against adverse consequences for persons who recovered from oncological diseases (Right to be Forgotten) Act (Chapter 657 of the Laws of Malta) (hereinafter referred to as the Act) which **will come into effect on 1 January 2027.** All Credit Institutions are expected to align therewith.

The Act establishes the "right to be forgotten" for cancer survivors, preventing unfair treatment when giving bank loan agreements and other contracts ancillary therewith, once a specified period has elapsed after successful treatment and without relapse. Credit institutions shall not require, use, or take into account a person's previous oncological disease medical records when assessing bank loan applications after the established

period has passed. Clients benefiting from the right to be forgotten are not required to disclose their past cancer diagnosis for the purposes covered by the Act. Any contractual clause that conflicts with this right shall cease to have effect and shall be considered null and void, although the remainder of the contract remains valid. This Act seeks to ensure that clients who have recovered from cancer are not disadvantaged in accessing bank loans solely because of a past oncological disease, once sufficient time has passed since end of oncological treatment.

G. Contact Information

Should you have any queries regarding the above, please do not hesitate to contact us via: conduct.policy@mfsa.mt.