

Regulatory Compliance Update

Q1 2025

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Introduction

Our Mamo TCV Regulatory Compliance Quarterly Update is intended to keep Maltese regulated entities informed of regulatory changes and developments taking place mainly in the local financial services space.

In this issue, we focus on the sector specific and cross-sectoral regulatory updates relating to Investment Services, Asset Management¹, Insurance, Credit Institutions and Company Service Providers.

Mamo TCV's team of regulatory and compliance advisors supports authorised persons and their compliance functions to remain compliant with their obligations in the ever-evolving regulatory landscape.

Get in touch with us to learn more about how we can help you.

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¹ Asset Management shall refer to Funds, Fund Managers and their service providers.

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SECTOR SPECIFIC REGULATORY UPDATES

1.0 INVESTMENT SERVICES

1.1 EMIR 3 Published and in Force from 24 December 2024: ESMA is Seeking First Input on the Active Account Requirement

On the 2nd of January 2025, the MFSA issued a [circular](#) to inform financial counterparties (FCs) non-financial counterparties (NFCs) and Central Counterparties (CCPs) as well as entities that are involved in derivative transactions, that EMIR 3 is now in force.

Due to amendments carried out by EMIR 3, investment firms classified as Class 1 or Class 1 minus firms which are dealing on their own account, underwriting financial instruments and/ or placing financial instruments on a firm commitment basis are subject to the CRR and Titles VII and VIII of the CRD, if this is deemed necessary by the MFSA.

Apart from this, FCs and NFCs subject to the clearing obligation and which exceed the clearing threshold in:

- i) interest rate derivatives
denominated in euro or Polish
złoty or
- ii) short-term interest rate
derivatives denominated in
euro

are now required to open and maintain an 'active account' with a CCP established within the EU.

Furthermore, EMIR 3 simplified the intragroup transaction framework since the equivalence decision is no longer

required because it has been replaced with a list of third countries in respect of which an exemption would not be granted.

The following are other clearing-related changes:

- Exemption from clearing obligation for transactions resulting from post-trade risk-reduction (PTRR) exercises;
- Clearing exemption for transactions with third country pension schemes;
- Calculation methodology of the clearing thresholds for NFCs;
- Clearing members and clients providing clearing services both through EU CCPs and recognised third country CCPs will be required to inform clients of the possibility to clear through an EU CCP;
- Enhanced transparency on margin requirements.

1.2 Investment Services Supervision Regulatory Briefing

On the 21st of January 2025, the MFSA, issued a [briefing](#), to bring to the attention of the asset management industry a number of important publications issued by the MFSA, the European Commission and the European Supervisory Authorities (ESA's) from 16th July 2024 to 15th December 2024.

The briefing focuses on key developments such as (i) MFSA updates, (ii) legislative proposals and Regulatory Technical Standards, (iii) consultations to which the industry is invited to contribute, (iv) updates to question and answer (Q&A) documents and other convergence measures and (v) publication of guidelines and reports issued by the ESAs.

1.3 Legal Notice 30 of 2025, Legal Notice 31 of 2025 and Legal Notice 32 of 2025

On the 7th of February 2025, [Legal Notice 30 of 2025](#) entitled the Investment Services Act (Special Limited Partnership Funds) Regulations, 2025 were published in the Government Gazette. The introduction of Special Limited Partnership Funds (SLPFs) necessitated corresponding amendments to existing subsidiary legislation governing collective investment schemes.

[Legal Notice 31 of 2025](#) which amends the Investment Services Act (Prospectus of Collective Investment Schemes) Regulations was issued to ensure that the provisions governing the preparation and disclosure of prospectuses now explicitly apply to SLPFs, thereby integrating them into Malta's regulatory framework for investment funds.

Similarly, [Legal Notice 32 of 2025](#) amending the Investment Services Act (Notified CISs) Regulations, extends the scope of Notified Collective Investment Schemes (Notified CIS) to encompass SLPFs, allowing these new structures to be established under the Notified CIS regime.

1.4 MFSA Launches Framework for Collective Investment Schemes Structured as Limited Partnerships without Separate Legal Personality

On the 12th of February 2025, the MFSA published a [circular](#) to inform stakeholders regarding the framework for Collective Investment Schemes (CISs) structured as Limited Partnerships without separate legal personality.

This structure is only available to non-retail fund frameworks targeting qualifying and/or professional investors. As a matter of fact, Part A of the PIF, NPIF, AIF and NAIF Rulebook were amended to include the SLPF within the structures available for the set up of CIS and to set out the applicable provisions for the approval of the Limited Partnership Agreement (LPA) which is of fundamental importance for the establishment of an SLPF.

This agreement is subject to the MFSA's approval. To obtain approval for the LPA, applicants must submit a true copy of the signed LPA along with a completed version of the Annex AX55: Limited Partnership Agreement Checklist which is available on the MFSA website. The timing of submission depends on whether the SLPF is applying for a licence or a notification.

Prospective applicants for a PIF or AIF licence must submit the true copy of the LPA and the LPA Checklist as part of their application documentation, including the PIF/AIF Application Form and related ancillary documents.

For a NAIF or NPIF, applicants must submit the true copy of the Partnership Agreement and the LPA Checklist prior to submitting the NPIF/NAIF Notification pack. Applicants are further advised that the notification will not be considered complete until MFSA approval of the Partnership Agreement is obtained. The applicable timeframe for the inclusion of a Notified Fund on the MFSA's list of NPIFs or AIFs will not begin until approval is granted. The NPIF and the NAIF Rulebooks have been updated to reflect this change.

Part B of the NAIF Rulebook and the Supplementary Rules of the PIF, AIF and

NAIF Rulebooks were also amended to ensure that all provisions concerning CISs structured as Limited Partnerships in terms of the Companies Act would *mutatis mutandis* be applicable also to CISs structured as SLPFs.

Although SLPFs are governed by the Investment Services Act, these are considered as an association of persons in terms of the Civil Code. Thus, their beneficial owners would need to be disclosed with the MBR. For guidance on submitting Beneficial Ownership Information, prospective SLPFs can refer to the MBR's guidance note and can access the applicable forms on the MBR webpage.

In line with Regulation 6, stakeholders also need to ensure that the proposed name of a Special Limited Partnership Fund (SLPF) is not the same as, or similar to, the name of an existing commercial partnership registered with the MBR. The list of names currently in use by registered entities is publicly available through the online system on the MBR website.

1.5 MFSA Extends the Notified PIF Framework to Cater for Self-Managed Structures

On the 12th of February 2025, the MFSA issued a [circular](#) to inform the industry that the NPIF framework has been amended to allow NPIFs to also be set-up as internally managed funds. This amendment is reflected in [Part A of the NPIF Rulebook](#) and sets out additional requirements for Due Diligence Service Providers (DDSPs) of self-managed Notified PIFs.

[Part B of the NPIF Rulebook](#) was also amended to ensure consistency in the Rules. Furthermore, [the Supplementary](#)

[Rules](#) to the NPIF Rulebook now include Section 6, which sets out the Supplementary Rules applicable to NPIFs set up as self-managed Schemes.

Stakeholders should also note that the reporting requirements applicable to self-managed NPIFs are equivalent to those in place for self-managed licensed PIFs and accordingly, as outlined in Rule 6.20 of the Supplementary Rules to the NPIF Rulebook, both Annex 1 – AIFM-Specific Information to be reported (Article 3(3) AIFMD) and Annex 2-AIF – Specific Information to be reported (Article 3(3) AIFMD) of the (PIF Rules), are to be reported to the MFSA in full.

The exceptions outlined in the Reporting Guidelines for NPIFs vis-à-vis the completion of Annex 2 mentioned above are only applicable to regulatory returns of third-party managed NPIFs. In this respect, the title and introductory part of the Guidance Note have been clarified.

Unlike third-party managed NPIFs, where only eligible Company Service Providers (CSPs) require prior regulatory approval to act as DDSPs, for self-managed NPIFs, this requirement is extended to both Fund Administrators and eligible CSPs. Entities wishing to act as DDSPs for self-managed NPIFs must obtain prior approval from the MFSA by submitting AX43-Annex D, a declaration confirming the adequacy of their arrangements to perform the role, and AX44-Annex E which outlines their competence assessment. Prospective DDSPs are advised that they can choose to seek such approval both at notification stage or prior to the submission of a notification for the inclusion of a NPIF in the list of Notified PIFs as outlined by Rule 11.06, Part A of the NPIF Rulebook.

1.6 Review of the Total Expense Ratio of Collective Investment Schemes

On the 13th of February 2025, the MFSA published a [circular](#) to inform the industry regarding the assessment that the Authority carried out during 2023 and 2024 on the Total Expense Ratio ('TER') of investment funds licensed in Malta. This involved a high-level review of 391 investment funds followed by a deep dive on sixty-five investment funds authorised by the MFSA.

The aim of this exercise was to evaluate the compliance of Maltese UCITS Managers and Self-Managed UCITS Schemes with the cost-related provisions established within the UCITS framework.

The TER is composed of total expenses divided by the average Net Asset Value ('NAV') whilst excluding one-off charges such as performance fees and transaction costs. The MFSA engaged with the respective funds and/or fund managers to establish whether there are plausible reasons for a high TER.

The outcome of the engagement indicated that:

- i) In certain cases, the formula applied to calculate the TER was incorrect since the total NAV, as opposed to the average NAV, was being used in the denominator, or certain one-off costs were not excluded from the numerator;
- ii) There were justifiable reasons for a high TER due to significant drops in the NAV, a high number of redemption requests, restricting of the funds and funds liquidating their portfolio.

Reducing the TER and ensuring it remains a reasonable and feasible percentage requires strategic decisions. The Authority expects the Board of Directors of the Schemes and the Investment Managers to take the necessary precautionary measures to keep the TER within reasonable limits.

In fact, the Board of Directors shall periodically review and assess the costs and fees associated with the investment fund to ensure that no undue or excessive costs are being charged and that investors are receiving a fair return.

In the interest of transparency, the Authority also expects Directors of investment funds to:

- assess the calculation methodology of the TER;
- establish procedures for monitoring the accuracy of the TER; and
- ensure that it is kept within reasonable limits, potentially through comparatives with the TER of peers.

1.7 ESMA Publishes Its Common Supervisory Action ("CSA") for 2025

On the 17th of February 2025, the MFSA issued a [circular](#) to inform the industry that on the 14th of February 2025, the European Securities Market Authority ("ESMA") launched a Common Supervisory Action ("CSA") on Compliance and Internal Audit Functions.

The CSA will be conducted throughout 2025 and aims to assess to what extent UCITS Management Companies and Alternative Investment Fund Managers ("AIFMs") including self-managed structures have established effective compliance and internal audit functions with the adequate staffing, authority,

knowledge and expertise to perform their duties under the AIFMD and UCITS Directive.

The MFSA will be participating in the ESMA CSA which will be carried out in two phases:

- a) A self-assessment questionnaire to be completed by a selected sample of AIFMs and UCITS Mancos; and
- b) Follow-up supervisory meetings based on the responses submitted in the questionnaire.

The MFSA will be reaching out to the selected sample directly.

1.8 Amendments to the MiFID Firms Quarterly Reporting and Appendix 2B

On the 7th of March 2025, the MFSA published a [circular](#) to inform the industry that the Authority has updated the MiFID Firms Quarterly Reporting template and the Appendix 2B template applicable to Fund Managers to reflect the changes in the [Investment Services Act \(Fees\) Regulations 2024](#).

As a result of this, for submissions after 2nd January 2025, the following versions of the returns shall be used:

- a) MiFID Quarterly Reporting Template – Version 10: March 2025
- b) Appendix IIB – Version 11/2025

1.9 Circular to Credit Institutions and Investment Firms on Amendments to various Subsidiary Legislation, Banking Rule BR/15 and Investment Firms' Rules

On the 14th of March 2025, the MFSA issued a [circular](#) to inform the industry regarding the publication of [Legal Notice 45 of 2025](#) amending the [Investment Services Act \(Supervisory Consolidation\)](#)

[\(Capital Requirements Directive\) Regulations](#) (S.L.370.46).

The amendments carried out to S.L. 370.46 cater for incorrect cross-referencing in regulation 3(2) while sub-regulation (9) of regulation 8 has been amended to cater specifically for investment firms instead of credit institutions.

[Part BI of the Rules applicable to Investment Services Licence Holders which qualify as MiFID Firms](#) was also amended. In fact, the words “which form part of a Consolidated Group” have been removed from Rule R2–3.2.59. Therefore, all Class 1 Licence Holders must publicly disclose annually, on a consolidated basis, by country where they have an establishment, the information specified under this Rule.

1.10 Investment Services Act (Alternative Investment Fund Manager) (Passport) (Amendment) Regulations, 2025

On the 18th of March 2025, [Legal Notice 60 of 2025](#) entitled the Investment Services Act (Alternative Investment Fund Manager) (Passport) (Amendment) Regulations was published in the Government Gazette.

These Regulations amended the Investment Services Act (Alternative Investment Fund Manager)(Passport) Regulations, S.L. 370.22.

As a result, the newly amended Regulation 3 of S.L. 370.22, now permits a Maltese AIFM to manage a European AIF directly, provided that the Maltese AIFM is authorised to manage that type of AIF.

It also allows a Maltese AIFM to provide directly in another Member State or EEA State the services referred to in Article 6(4) of the AIFM Directive for which it has been authorised.

Furthermore, according to Regulation 4, the Maltese AIFM can manage the European AIF through the establishment of a branch.

2.0 INSURANCE

2.1 Consultation on the Proposed Amendments to the Insurance Rules and Insurance Distribution Rules

On the 5th of March 2025, the MFSA issued a [Consultation Document](#) to draw attention to the proposed amendments that will be carried out to the following Insurance Rules:

- Chapter 1 of the Insurance Rules – Since the Protection and Compensation Fund has been extended to cover claims made from 23 December 2023 onwards in relation to risks of motor vehicle liability insurance business even when business is situated in another member State, the MFSA proposed an amendment to paragraph 1.11.9 of Chapter 1 of the Rules to require undertakings which intend to carry out motor vehicle liability insurance business in another Member State to contribute to the Protection and Compensation Fund.
- Annex II of Chapter 6 of the Insurance Rules – The MFSA proposed the inclusion of a footnote to clarify the interpretation of the term “independent” in paragraph 1.2 of Annex II, which requires the chairman of the audit committee to be independent from the authorised undertaking.
- Chapter 8 of the Insurance Rules – The Authority proposed the inclusion of paragraph 8.10.4 which stipulates that a captive undertaking will not be required to audit the Solvency and Financial Condition Report. However, the MFSA will retain the right to request these captives to audit the Solvency and Financial Condition Report where necessary.
- Chapters 1 and 2 of the Insurance Distribution Rules – The Rules in this Chapter will be amended following the ECJ Ruling in the Case C-633/20 between the Federal Union of Consumer Organisations and Associations, Germany and TC Medical Air

The Authority also proposed an amendment to paragraph 1.5 of the same Annex to clarify that where the Board of Directors takes the role of the audit committee, the Chairman of the Committee must be an independent non-executive director. Furthermore, the MFSA proposed that when an insurance undertaking is a captive insurance undertaking or a captive reinsurance undertaking and the functions of the audit committee are assigned to the Board of Directors, the Chairman of the said committee may also be a non-executive director.

Ambulance Agency GmbH, to clarify that applicants that intend to offer membership in a group insurance policy where:

- i) the membership is offered on a voluntary basis;
- ii) the membership entitles the customer to insurance benefits; and
- iii) the individual will be remunerated for the activity carried out.

will be registered and enrolled.

- Chapter 8 of the Insurance Distribution Rules – The MFSA proposed an amendment to paragraph 8.2.7 to read that all insurance monies are to be paid into the business of insurance intermediaries accounts by not later than the next five business days.
- Chapter 9 of the Insurance Distribution Rules – The MFSA, following the issue raised regarding the Fidelity Bond Calculation, proposed an amendment to paragraph 9.3.1 so that the fidelity bond will be calculated by considering the average amount of outstanding debts in respect of insurance intermediaries' transactions during the preceding year.
- Chapter 10 of the Insurance Distribution Rules – Form 9 of the Annex to Chapter 10 will be amended to have it align with the amendments that will be carried out in Chapter 9.

3.0 CREDIT INSTITUTIONS

3.1 Circular to Credit Institutions including Foreign Branches on the Supervisory Reporting Requirements – ITS v3.5

On the 2nd of January 2025, the MFSA issued a [circular](#) to inform all credit institutions and foreign branches about the updates in the supervisory reporting framework ITS version 3.5.

The new version introduces new reporting requirements regarding an institution's management board diversity and gender pay gap in line with the EBA Guidelines on the benchmarking of diversity practices, including diversity policies and gender pay gap. These EBA guidelines have been implemented locally through amendments in Section 1 of Part 2 of Banking Rule BR/24 on Internal Governance of Credit Institutions Authorised under the Banking Act. This reporting is conducted every three years with the first reference date being 31 December 2024 and the reporting due by 30 April 2025.

The technical package for this framework release is available on the [dedicated EBA website](#). It provides standard specifications and includes the validation rules, the Data Point Model and the XBRL taxonomies. This reporting framework release exceptionally includes certain resources and areas of reporting that will become applicable at a later date, as follows:

- The updated COREP FRTB templates should not be used until the FRTB regulation comes into effect. Institutions should continue reporting in line with the original ITS on FRTB reporting by

using version 3.2 of the FRTB module.

- Preliminary reporting templates for the register of information on contractual arrangements with ICT third-party providers under DORA have been published in EBA's ITS v3.5. These preliminary templates should not be used for regular reporting.

Apart from this, institutions are requested to note the EBA's most recent publication list of validation rules as well as any future publications, and are reminded about their responsibility to update their internal data processes accordingly.

The MFSA Supervisory Reporting webpage was also updated to include the following information:

- Reporting templates and resources for Diversity Benchmarking reporting
- LH Portal for Credit Institutions
- LH Portal for Branches
- MFSA Guidelines to CRD Supervisory Reporting Requirements for Credit Institutions
- Remittance Timetable

3.2 Circular to Credit Institutions and Foreign Branches on the Publication of New Banking Rule BR/31 on Data Integrity and Reporting Standards for Supervisory Compliance

On the 12th of February 2025, the MFSA published a [circular](#) to inform credit institutions licensed under the Banking Act that the Authority has issued a new Banking Rule BR/31 on Data Integrity and Reporting Standards for Supervisory Compliance which implements the EBA Guidelines on the resubmission of historical data.

The requirements as outlined in the Rule include, but are not limited to, the following:

- The correction of inaccuracies or errors into already reported historical data, including related data affected by the corrections, in compliance with validation rules;
- The resubmission of current data which is affected by corrections to errors and inaccuracies;
- The submission of affected historical data in addition to the resubmission of the corrected current data for the reference dates as depending on the frequency of affected reporting;
- The minimum resubmission frequency requirements;
- Where necessary, the resubmission of historical data for additional reference dates including those preceding the required minimum frequency.

The Authority may, in proportion to the materiality of the errors and the risk profile of the institution, require resubmissions of data based on its own assessment on the validity of the data. Such request may also cater for data going back further in time than that stipulated in the Guidelines. The Authority may also require institutions to provide explanations of the corrections when requiring resubmission of historical data.

3.3 Circular to Credit Institutions including Foreign Branches on the Supervisory Reporting Requirements – ITS v4.0

On the 13th of March 2025, the MFSA issued a [circular](#) to inform all credit institutions and foreign branches about the updates in the supervisory reporting

framework, Implementing Technical Standards (ITS) version 4.0.

The ITS updates align the EBA's Supervisory Reporting Framework with the newly introduced requirements under the Banking Package, CRR3 (Regulation(EU)2024/1623) and CRD6 (Directive(EU) 2024/1619).

The following amendments which affect the Reporting Module COREP OF were introduced by ITS version 4.0 :

- New reporting requirements were introduced to monitor the application of the output floor, ensuring that institutions' risk-weighted assets(RWAs) do not fall below 72.5% of standardised approach calculations as per CRR3.
- Templates were revised to reflect changes in credit risk methodologies.
- Templates were updated to reflect the multiplication factors, adjusting own funds requirements, breakdowns by risk weights, particularly for securitisations and correlation trading portfolios.
- Templates now include detailed business indicators and their aggregation into operational risk capital calculations.
- Transitional reporting requirements were introduced for exposures to crypto-assets, capturing data on crypto-asset holdings, risk weights and prudential treatments.

Templates were also revised to reflect changes to exposure measurement and adjustments to Tier 1 capital deductions. The Leverage Ratio (LR) calculation was amended to exclude certain rows related

to transitional provisions and to include stricter calculation measures.

Unlike previous ITS versions, where reporting instructions were annexed to the regulation, these are now maintained and updated separately for each framework release on the EBA website.

Institutions are encouraged to regularly consult the EBA website to stay informed of any changes or updates to the reporting requirements and to utilise these tools to ensure accurate and timely reporting.

The technical package for this framework release is available on the dedicated EBA website.

3.4 Circular to Credit Institutions and Investment Firms on Amendments to various Subsidiary Legislation, Banking Rule BR/15 and Investment Firms' Rules

On the 14th of March 2025, the MFSA published a [circular](#) to inform the industry regarding the publication of [Legal Notice 44 of 2025](#) amending the [Supervisory Consolidation \(Credit Institutions\) Regulations](#) (S.L.371.22).

Sub-regulation (1) of regulation 3 of S.L 371.22 has been amended to remove points (aa), (da), and part of the wording of point (e), as these are being included in sub-regulation (1) of regulation 3 of the Investment Services Act (Supervisory Consolidation) (Capital Requirements Directive) Regulations (S.L. 370.46), given that such regulations pertain to investment firms. Additionally, regulation 7(3) of S.L. 371.22 has been amended to correct the cross-referencing to other regulations.

Amendments to [Banking Rules BR/15 of Capital Buffers of Credit Institutions](#) were

also carried out to the following paragraphs to correct specific cross-references:

- Paragraph 28 to include reference to article 131(5a) of the CRD;
- Paragraph 31(b) to change the reference from paragraph 30 to paragraph 28;
- Paragraph 51 to change reference from paragraph 51 to paragraph 52;
- Paragraph 54 in points (a), (b) and (c) to specifically refer to point (a) of regulation 9(1) of the Banking Act (Supervisory Review) Regulations;
- Paragraphs 55 and 59 to change the references from paragraph 48 to paragraph 49, in both paragraphs.

CROSS-SECTORAL REGULATORY UPDATES

4.0 REGULATOR'S FEES

On the 28th of March 2025, the following Legal Notices (following consultation with the MFSA) were published in the Government Gazette:

- [Legal Notice 61 of 2025](#) entitled the Investment Services Act (Fees) (Amendment) Regulations, 2025;
- [Legal Notice 63 of 2025](#) entitled the Insurance Distribution Act (Fees) (Amendment) Regulations, 2025;
- [Legal Notice 64 of 2025](#) entitled the Financial Markets (Fees) (Amendment) Regulations, 2025.

These Legal Notices amended the Insurance Distribution Act (Fees) Regulations, the Financial Markets (Fees) Regulations and the Investment Services

Act (Fees) Regulations which have been applicable since January 2025.

5.0 DIGITAL FINANCE

5.1 The EBA and ESMA analyse recent developments in crypto-assets

On the 16th of January 2025, the EBA and ESMA published a [Joint Report on recent developments in crypto-assets](#). This publication is the EBA and ESMA's contribution to the European Commission's report to the European Parliament and Council under Article 142 of the Markets in Crypto-Assets Regulation (MiCAR).

This report analyses decentralised finance (DeFi) and crypto lending, borrowing and staking. On the lending, borrowing and staking of crypto-assets, the report contains an analysis of the main types and typical features of the business models observed in the market, in both centralised and decentralised forms. These services are offered by several crypto-asset service providers (CASPs) in EU jurisdictions.

5.2 ESMA and the European Commission publish guidance on non-MiCA compliant ARTs and EMTs (stablecoins)

On the 17th of January 2025, ESMA published a [statement](#) reinforcing the position related to the offer of ARTs and EMTs (also known as stablecoins) in the EU under the Market in Crypto-Assets Regulation (MiCA).

The statement provides guidance on how, and under which timeline, crypto-asset service providers (CASPs) are expected to comply with the

requirements of Titles III and IV of MiCA as clarified in the European Commission Q&A.

The European Commission has also delivered a [Q&A](#), providing guidance on the obligations contained in Titles III and IV of MiCA and how these obligations should apply to crypto-assets service providers (CASPs). The Q&A clarifies that certain crypto-asset services may constitute an offer to the public or an admission to trading in the EU and should therefore comply with Titles III and IV of MiCA.

5.3 ESMA provides guidance on MiCA best practices

On the 31st of January 2025, ESMA published a new [supervisory briefing](#). This briefing, which was developed in close cooperation with National Competent Authorities (NCAs), provides concrete guidance about the expectations on applicant CASPs and on NCAs when they are processing the authorisation requests.

The briefing contains clear guidance on:

- Substance and governance and the ability of CASPs offering their service in the EU to operate autonomously and with sufficient in-country personnel;
- Outsourcing and the effective limits to set regarding the externalisation of functions and services;
- Suitability of personnel and the importance for CASPs, and particularly its executive management, to demonstrate effective technical knowledge of the crypto ecosystem.

The guidance in the briefing helps NCAs, applicants and the general public to operationalise MiCA and RTS obligations into concrete controls and checks.

5.4 ESMA consults on the criteria for the assessment of knowledge and competence under MiCA

On the 17th of February 2025, ESMA launched a [consultation](#) on the criteria for the assessment of knowledge and competence of CASPs staff giving information or advice on crypto-assets or crypto-asset services.

ESMA is seeking stakeholder inputs about:

- The minimum requirements regarding knowledge and competence of staff providing information or advice on crypto-assets or crypto-asset services;
- Organisational requirements of CASPs for the assessment, maintenance and updating of knowledge and competence of the staff providing information or advice.

ESMA considered all comments received by 22 April 2025.

5.5 Circular to the Industry on the Issuance of the Markets in Crypto-Assets (MiCA) Rulebook and Amendments to the Financial Institutions Rulebook

On the 11th of March 2025, the MFSA issued a [circular](#) to inform the industry that it has published the Markets in Crypto-Assets (MiCA) Rulebook which applies to entities falling within the scope of the Market in Crypto-Assets Act, along

with amendments to Chapter 3 of the Financial Institutions Rulebook ('FIR/O3') which applies to Payment Institutions and Electronic Money Institutions.

The MiCA Rulebook includes:

- Requirements pertaining to the authorisation process for obtaining authorisation as a Crypto-Asset Service Provider (CASP) or as an Issuer of Asset-Referenced Tokens (ARTs), the notification process for a crypto-asset whitepaper and the process for the voluntary surrender of a licence by a CASP or issuer of ARTs;
- A non-exhaustive list of regulatory technical standards (RTSs) and guidelines applicable to CASPs and issuers of ARTs; and
- Ongoing requirements and expectations applicable to Authorised Persons authorised in terms of the MiCA Act.

Apart from this, the amendments to the FIRO3 introduce a section outlining the Delegated Acts, Regulations, Technical Standards and Guidelines which are applicable to issuers of E-Money Tokens. The amendments also introduce additional targeted amendments pertaining to outsourcing and safeguarding notifications, specifically providing for the;

- Introduction of rules to clarify that all communication and/or documentation is to be submitted through the LH Portal; and
- Amendment to notification requirements relating to outsourcing and safeguarding which are required to be

submitted 60 calendar days prior to the changes taking effect.

6.0 SUSTAINABLE FINANCE

6.1 EU Platform on Sustainable Finance Publishes Report on Transition Plans

On the 27th of January 2025, the MFSA issued a [circular](#) to inform the industry that the European Union's Platform on Sustainable Finance (PSF) published its report entitled "Building trust in transition: core elements for assessing corporate transition plans".

The report builds on the Commission's recommendation on transition finance and aims to support the wider ecosystem ahead of the required use of transition plans for entities covered under the Corporate Sustainability Due Diligence Directive (CSDDD), and their public disclosure under the Corporate Sustainability Reporting Directive (CSRD).

The report contains:

- i. Advice for financial market participants (FMPs) on assessing transition plans; and
- ii. Recommendations to the Commission to help support the market and enhance the effectiveness of its policy framework.

It is important to note that the report constitutes non-binding advice and the Commission will ultimately decide on how to incorporate the provided policy recommendations.

6.2 Financial Markets Act (Green Bonds) Regulations (S.L 345.29)

On the 14th of March 2025, [the Financial Markets Act \(Green Bonds\) Regulations \(S.L. 345.29\)](#) were published in the Government Gazette.

These Regulations seek to transpose Articles 44, 45, 49, 50, 51 and 52 of the [Green Bonds Regulation](#).

Through these Regulations, the MFSA is empowered to supervise the following in relation to compliance with their obligations:

- Issuers of European Green Bonds;
- Issuers that use the common templates provided for in Article 21 of the Green Bonds Regulation (in relation to compliance with those templates); and
- Originators.

Furthermore, the powers vested in the MFSA to carry out its supervisory function are outlined in Regulation 4. These Regulations through Regulation 5, also allow the MFSA to impose administrative penalties if the issuers do not comply with Articles 10 to 15a or Articles 18,19 or 21 of the Green Bonds Regulation, and if they fail to comply with an investigation, with an inspection or with a requirement under Regulation 4(1).

7.0 ANTI-MONEY LAUNDERING LEGISLATION

7.1 2025 Risk Evaluation Questionnaire

On the 13th of February 2025, the FIAU issued an [update](#) to inform subject persons that the 2025 Risk Evaluation Questionnaire will be available on the Compliance and Supervision Platform for Assessing Risk (CASPAR) portal for

completion by subject persons as from the 3rd of March 2025.

- Virtual Financial Assets Service Providers, Real Estate Agents, Notaries and Gaming Operators were required to submit the REQ on the 10th of April 2025;
- Trustees and Fiduciaries, Company Service Providers, Accountants and Auditors, Tax Advisors and Advocates were required to submit the REQ on the 17th of April 2025;
- Credit institutions, Financial Institutions, Investment Service and Securities Markets and Insurance and Pensions were required to submit the REQ on the 24th of April 2025.

It is pertinent to note that Financial Institutions that submitted the REQ through the LH Portal, therefore, only FIs who also hold licences under the provision of the Investment Services Act, the Insurance Business Act or the Insurance Distribution Act, were excluded from the submission of the REQ.

Subject persons operating in categories falling on different deadlines followed the last deadline.

Subject persons should also ensure that the 'Subject Person Profile' module on CASPAR is kept up-to-date with the Subject Person's information, including:

- Information on the subject person's ownership and its structure;
- Information on the group that the subject person is part of (if applicable);
- Details of shareholders, beneficial owners and directors of the subject person;

- Information on the turnover and net asset values;
- Information on the target markets;
- Details of the subject person's external auditor (if applicable); and
- A copy of the subject person's business risk assessment.

Failure to submit the REQ within the respective deadline contravenes Regulation 19 of the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR) and Section 5.12 of the Implementing Procedures.

Consequently, subject persons found in breach may be liable to the imposition of an administrative penalty in terms of Regulation 21 of the PMLFTR.

If the subject person did not engage in any 'relevant activity' or 'relevant financial business' as defined by Regulation 2(1) of the Prevention of Money Laundering and Funding of Terrorism Regulations during the year under review, they are expected to reach out to the FIAU prior to the REQ deadline, via email on compliance@fiaumalta.org wherein they must provide an explanation of the situation in order to request an exemption from filing the REQ. If accepted by the FIAU the subject person will not be required to complete the REQ.

7.2 Training Session on Trade-Based Money Laundering for Accountants and Auditors

On the 26th of February 2025, the FIAU held a half day training session on Trade-Based Money Laundering (TBML). This session targeted Accountants and Auditors.

This training session increased the understanding of TBML among subject persons operating in this sector and it also enhanced their ability to detect potential TBML to ultimately report transactions and activities linked to TBML suspicion.

7.3 CBAR – Validation rules updates 2025

On the 10th of March 2025, the FIAU published an [update](#) to inform CBAR Reporting Entities that the XML Schema and Validation Rules document has been updated. This is to reflect an adjustment made to the Guidance table for non-natural persons' Registration Country, Number and Date table.

It was previously advised that for foundations and associations, the Voluntary Organisation (VO) number should not be used instead of the registration number when reporting.

Following recent consultation with relevant stakeholders, the reporting entities are being asked to provide the Legal Person Association (LPA)/Legal Person Foundation (LPF) number, where available. If such a reference is not present, then the VO number should be reported instead, if available.

7.4 EBA Consultation on new rules related to the anti-money laundering and countering the financing of terrorism package

On the 10th of March 2025, the FIAU issued an [update](#) to notify subject persons that the European Banking Authority (EBA) has issued a consultation paper on four draft Regulatory Technical Standards (RTS) that will be part of the EBA's response to the European Commission's Call for Advice.

The Call for Advice covers four separate mandates which include:

- The mandate under Article 40(2) of Directive (EU) 2024/1640 (6AMLD) to develop draft RTS on the assessment and classification of the inherent and residual risk profile of obliged entities and the frequency at which such profile must be reviewed;
- The mandate under Article 12(7) of Regulation (EU) 2024/1620 (AMLAR) to develop draft RTS on the risk assessment for the purpose of selection for direct supervision;
- The mandate under Article 28(1) of Regulation (EU) 2024/1624 (AMLR), to develop draft RTS on customer due diligence (CDD);
- The mandate under Article 53(10) of AMLD6, to develop draft RTS on pecuniary sanctions, administrative measures and periodic penalty payments.

These RTSs will be central to the EU's new AML/CFT regime and will shape how institutions and supervisors will comply with their AML/CFT obligations under the new AML/CFT Package that was published in the Official Journal of the EU on 19 June 2024.

The EBA is inviting interested parties to put forward any comments by filling in the online form on the EBA's consultation page. The deadline for the submission of comments is the 6 June 2025.

7.5 VASPs Risk-Based Supervision Training Symposium

On the 12th of March 2025, the FIAU published an [update](#) to inform all interested parties that the VASPs Risk-Based Supervision Training Symposium was being hosted by the Egmont Group

of Financial Intelligence Units and the Technical Assistance & Training Working Group (TATWG) in collaboration with the Financial Intelligence Analysis Unit (FIAU) Malta.

This symposium, which was held between the 8-10th of April, brought together delegates from 73 jurisdictions to discuss key aspects of risk-based supervision in the virtual asset service provider (VASP) sector.

Future updates and events

Should you be interested in receiving our Quarterly Regulatory Compliance Update in relation to regulatory developments, and/or joining future events organised by Mamo TCV on regulatory & compliance matters, we invite you to subscribe to our dedicated mailing list through the following link: [**subscribe here**](#).

Our Regulatory Compliance Services

Having a strong compliance culture is crucial and our multidisciplinary regulatory cross-sectoral compliance team assists our clients in having the required policies and procedures to remain compliant with the local regulatory framework, as well as providing advice with respect to any changes required to their business model to better comply with the relevant requirements. Our team also delivers tailor-made training sessions to staff of regulated entities.

Key Contacts

Do not hesitate to reach out to **Michael Psaila, Katya Tua, Edmond Zammit Laferla** or your usual contacts at Mamo TCV should you wish to discuss the contents of this Regulatory Compliance Quarterly Update or any other financial services regulatory compliance matters.

This document does not purport to give legal, regulatory, financial or tax advice.

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