

Regulatory Compliance Update

Q2 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 Circular on Various Aspects Concerning the Submission of Financial Documentation through the LH Portal by Fund Managers, Collective Investment Schemes and Recognised Persons

On the 17th of April 2025, the MFSA issued a [circular](#) to provide clarification regarding the naming conventions for regulatory submissions by Fund Managers, Collective Investment Schemes and Recognised Persons submitted through the CISRP or Fund Manager's project on the MFSA's LH Portal. Clarification was achieved by highlighting common errors.

The MFSA has observed that the submission period is sometimes used interchangeably within the file naming convention instead of the financial reporting period to which the submission pertains, leading to processing delays and misclassification of files. Thus, licence holders should adopt the naming conventions stipulated in [Annex I](#) when submitting the required documentation.

Another recurring issue has been the incorrect labelling of documents which may result in misplacement of submissions within the Authority's records. This is particularly common for the following documents:

- **Fund Return Representation Sheet** – this is part of the Annual Fund Return and is to be signed

by at least two directors. The correct naming convention of this document is _RS

- **Auditor's Report on the Fund Return** – this is a document signed by the auditors. The correct naming convention of this document is _ARFR
- **Letter of Representation** – this is a written statement signed by the company's management that confirms the accuracy and completeness of the financial statements. The correct naming convention is _OTH

Any documentation that should be submitted to the Authority but is not listed in Annex I should be compiled into a ZIP File and submitted using the following naming format: EntityCode_ReportingPeriod_OTH.zip

In the "Cover Sheet" tab of the Annual Fund Return, specifically the 'Licence Holder Code' field, the code inputted should be the 4-digit code found on the Financial Services Register, not any other registration number.

1.2 Joint MFSA and MBR Communication on Avoiding Name Similarities between SLPFs and Incorporated Companies

On the 28th of May 2025, the MFSA published a [circular](#) to highlight that the Authority and the Malta Business Registry (MBR) would like to emphasize that it is considered undesirable to apply for the incorporation of a company by a name that:

- i. is already in use by an SLPF listed in the MFSA's Financial Services Register or
- ii. includes the phrase or abbreviation "Special Limited Partnership Fund", "SLPF" or

“S.L.P.F.”, or any similar wording that, in the MBR’s opinion may give rise to confusion.

Stakeholders are advised that whilst the acceptability of a company name will be assessed on a case-by-case basis, the MBR reserves the right to refuse the registration of companies by a name which is undesirable, pursuant to Article 70(4)(b) of the Companies Act.

Further to the above, stakeholders are reminded that all authorised SLPFs will be listed in the MFSA’s Financial Services Register.

1.3 Circular on the Publication of Updates to the Frequently Asked Questions on the Notified PIF Framework

On the 28th of May 2025, the MFSA issued a [circular](#) to inform the industry that due to the amendments carried out to the NPIF Rulebook, the Authority is publishing an updated version of the NPIF FAQ document to align it with the amendments introduced to the regulatory framework.

The revised document reflects the following key changes:

- Section 1 and Section 2 have both been revised to reflect the updates arising from the above-mentioned initiatives.
- A new Section 3, titled ‘Family Office Vehicles’, has been added to specifically address questions concerning the application of the NPIF framework in the context of Single Family Offices.

The MFSA encourages stakeholders to refer to the updated FAQ document for further guidance, available at this [link](#).

1.4 Various Amendments to the Investment Services Rulebooks in the Context of EuVECA and EuSEF Regulations

On the 30th of May 2025, the MFSA published a [circular](#) to inform the industry regarding amendments made to the Investment Services Rulebooks and related documentation, namely the:

- i. Investment Services Rules for Alternative Investment Funds, Part A – The Application Process (“**Part A AIFs**”) – These changes apply in the context of an AIF being established and marketed with the designation of EuVECA or EuSEF, in terms of the Regulations (EU) No 345/2013 or No 346/2013 respectively. The amendments clarify that in such instances, the requirements emanating from the Standard Licence Conditions applicable to Collective Investment Schemes authorised to invest through loans (“Loan Fund Rules”) do not apply.
- ii. Investment Services Rules for Professional Investor Funds, Part A – The Application Process (“**Part A PIFs**”) – The above-mentioned amendments also apply.
- iii. Investment Services Rules for Notified Alternative Investment Funds, Part A – The Notified AIF Framework (“**Part A NAIFs**”) – These changes seek to:
 - (a) Explicitly allow NAIFs to be set up and marketed as

- EuVECA/EuSEF Funds in terms of the Regulations (EU) 345/2013 and 346/2013 and refer to the applicability of the respective Regulations with respect to the portfolio composition, as well as the eligible investment instruments and techniques to be used by qualifying venture capital funds/social entrepreneurship funds; and
- (b) Disapply the prohibition of engaging in 'Loan Origination' activities when the NAIF is established and marketed as a EuVECA/EuSEF fund.
- iv. Investment Services Rules for Notified Professional Investor Funds and related Due Diligence Service Providers, Part A – the Notified PIF Framework ("**Part A NPIFs**") – The Rulebook has been amended to:
- (a) explicitly disapply the prohibition of engaging in 'Lending' activities when the NPIF is established and marketed as a EuVECA/EuSEF fund in terms of the Regulations (EU) 345/2013 or 346/2013 as applicable; and
- (b) disapply the prohibition to market units of a Notified PIF in other EEA states by means of the European passport in the event that the NPIF is established as a EuVECA or EuSEF fund.
- v. Investment Services Rules for Notified Professional Investor Funds and related Due Diligence Service Providers, Supplementary Rules NPIFs ("**NPIFs Supplementary Rules**") – The Rulebook has been amended as follows:
- a) it is being clarified that Notified PIFs established as self-managed Schemes are subject to the thresholds with respect to the Asset under Management (AuM) that emanate from Article 3(2) of Directive 2011/61/EU on Alternative Investment Fund Managers ("AIFMD"); and
- b) a new section, Section 7, has been introduced to explicitly allow NPIFs to be set up and marketed as EuVECA/EuSEF Funds in terms of the Regulations (EU) 345/2013 and 346/2013, and refer to the applicability of the respective Regulations with respect to the portfolio composition as well as the eligible investment instruments and techniques to be used by qualifying venture capital funds/ social entrepreneurship funds.
- vi. **Notified PIF Notification Form** – This has been amended to cater for the possibility of structuring the

prospective fund as a EuVECA/EuSEF fund.

- vii. **Guidance Note on the Notified PIF Framework – FAQs** – This has been updated with clarifications with respect to the interaction between the Notified PIF and the EuVECA/EuSEF frameworks.

Stakeholders may wish to note that most of these changes follow the amendments made to the Financial Institutions Act issued on the 16th of May 2025, which were aimed at explicitly disapplying the requirement to seek a licence under the FIA for (i) Notified AIFs or Notified PIFs being set up as EuSEF or EuVECA funds; and ii) NAIFs engaging in loan acquisition and/or receivable financing.

1.5 Survey on the Use of Artificial Intelligence by Financial Entities

On the 2nd June 2025, the MFSA issued a [circular](#) to inform market participants that the European Securities and Markets Authority (ESMA) has taken the initiative to develop a survey aimed at gathering insights on the use of Artificial Intelligence (AI) from financial entities operating in the securities sector.

This survey is being carried out across member states through National Competent Authorities (NCAs), who will distribute it to their supervised financial entities.

Specifically, the online questionnaire intends to collect information on AI strategies and policies, levels of investment, and specific use cases – such as the types of AI technologies employed, their significance, and

associated considerations related to security and explainability.

The online questionnaire is divided into four main sections:

1. Company Information – General information including contact details and company size;
2. AI strategy – Current and planned investments in AI, including anticipated benefits (e.g. increased revenue or cost reduction);
3. AI Policies and Use Cases – Overview of AI use, including use of publicly available GenAI tools, presence of internal policies, adoption status, benefits, challenges and governance;
4. Specific AI use cases – Detailed examination of practical applications of AI, including development aspects, trustworthiness and security considerations.

The following supervised entities are expected to respond:

- Alternative Investment Fund Managers
- Benchmark Administrators
- Central Securities Depositories
- Credit Institutions that carry out investment services and activities
- Crowdfunding Service Providers
- Crypto-Asset Service Providers
- Investment Firms
- UCITS Management Companies
- Virtual Asset Service Providers

Responses must be submitted by Friday, 29 August 2025. Aggregate survey results only will be shared with the ESMA, and a comparative analysis on the usage of AI across EU member states will be carried out.

1.6 Tokenisation of Fund Units

On the 12th of June 2025, the MFSA published a [position paper](#) on the Tokenisation of Fund Units. As highlighted by this [article](#), tokenisation of CIS shares or units is permitted for all types of funds recognised under Maltese law and tokenised fund units remain subject to existing investment fund regulations, not the Markets in Crypto-Assets Regulation (“MiCA”).

The Position paper highlights the role of fund service providers, since depositaries/custodians must explain how they will keep in custody the underlying assets. Transfer of a tokenised share remains subject to fund approval of the investor, as under ordinary fund rules. Likewise, fund administrators act as “digital transfer agents” since they manage the tokenised share class on the blockchain, execute smart contracts for issuance, subscriptions and redemptions, and maintain the on-chain register of ownership.

The MFSA requires fund administrators to conduct AML/KYC due diligence on each investor’s digital wallet and its holder. The fund’s base currency remains fiat currency ensuring that the token’s value ties back to the underlying fund assets and legal currency.

Apart from this, the governing body of any tokenising CIS must have sufficient knowledge of blockchain technology. The fund’s prospectus/offering document must clearly disclose the use of tokenisation, inform the MFSA, and highlight the additional risks in the offering documents. The Authority also advises stakeholders to include information on any modified AML/KYC checks, the issuance and redemption of CIS shares or units, transfer restrictions,

custodial arrangements for tokens, and tech risks including dependence on the chosen ledger.

The Position Paper also outlines risk mitigation in the sense that funds should understand and audit the blockchain algorithm and smart contract standards in use, define protocols for encryption key management and ensure data privacy and GDPR compliance in on-chain transactions.

1.7. Amendments to the MiFID Firms Quarterly Reporting, Fund Managers Appendix 2B and Annual Fund Return

On the 16th of June 2025, the MFSA issued a [circular](#) to inform the industry that it has updated the templates for the MiFID Firms Quarterly Reporting, the Appendix 2B Return and the Annual Fund Return.

Regarding the Annual Fund Return, the MFSA would like to inform Collective Investment Schemes that the Annual Fund Return has been updated to Version 1.10 and is now available on the MFSA website from the following [link](#).

This version introduces reporting of the Total Expense Ratio (“TER”) within the Statement of Income section of the return. Collective Investment Schemes are expected to submit Version 1.10 when reporting to the MFSA for submission deadline falling after the 15th of June 2025.

Moreover, the Appendix 2B return has been updated to Version 12 and is now available on the MFSA website from the following [link](#). This version will apply for submissions covering Q2 2025 onwards. This version contains changes to the indentation of data point labels “listed on a Recognised Investment Exchange” and “not listed on a Recognised Investment

Exchange” under the ‘Income’ section of Sheet 1.

Regarding the MiFID Firms Quarterly Reporting Return for Investment Firms, the MFSA has updated the Return’s template to reflect changes, involving different tabs as follows:

Part A

- **Retail Investor Trends:** The inclusion of the number of retail clients with portfolios containing less than €20,000 to be reported, and the aggregate value to be provided.
- **Complaints:** The reporting of the number of complaints in relation to ESG to be reported.
- **Additional Details:** Total number of clients to be reported in a dedicated table, including details on active clients; question on the use of digital platforms, and on whether the Firm is a distributor of an international Investment Firm.

Part B

- **Financial Details:** Details on the net cash flow and EBITDA to be provided.

Part C

- **Exposure to Maltese Banks:** Details on the exposure through assets under custody to be provided.

Confirmations: Additional confirmations to be provided.

The MFSA has also issued an amended Guidance Document to be referred to when compiling the Return, as necessary. The document can be accessed from the following [link](#).

The Regulatory submission deadlines and naming conventions of the Return have remained unchanged. The updated Return will only apply for submissions covering Q2 2025 onwards.

2.0 INSURANCE

2.1 Circular on the Publication of the Amendments to the Insurance Business Act, Insurance Business (Protection and Compensation Fund) Regulations, 2024, Insurance Business (Winding up of an Insurance Undertaking) (Amendment) Regulations, 2024 and Chapter 1 of the Insurance Rules

On the 16th of April 2025, the MFSA published a [circular](#) to inform the market that the Amendments to the:

- Insurance Business Act
- Insurance Business (Protection and Compensation Fund) Regulations 2024
- Insurance Business (Winding up of an insurance undertaking) (Amendment) Regulations, 2024

were published on the Government Gazette on the 26th of November 2024, through Legal Notices 317 and 318 of 2024.

By means of these Regulations, the Protection and Compensation Fund has been extended to cover claims made from the 23rd of December 2023 onwards in relation to motor vehicle liability insurance business, including cases where such business is situated in another Member State, and the claims remain unpaid by reason of the insolvency of the insurer.

Accordingly, any undertaking that intends to carry out motor vehicle

liability insurance business in another Member state (other than Malta) will now be required to contribute to the Protection and Compensation Fund.

The Amendments to the Insurance Business Act, Insurance Business (Protection and Compensation Fund) Regulations, 2024 came into force on the 10th of July 2024.

2.2 Circular on Group Insurance and Bancassurance

On the 16th of April 2025, the MFSA issued a [circular](#) to inform the market regarding the revision of the Bancassurance policy following the ruling delivered by the European Court of Justice (ECJ) in the Case C-633/20.

Prior to this ruling, the prevailing opinion was that legal entities considered as policyholders under a group insurance policy did not require an insurance licence as an insurance intermediary on the basis that such entities are the policyholders and that by allowing additional members onto that policy, they are merely extending their cover to these new members. As a result of this, Banks under a master policy did not require an insurance licence as an insurance intermediary in view that they act as policyholders and beneficiaries under the said policy and that they are allowing further beneficiaries under their own insurance policy.

However, following the ECJ ruling, such master policies are now comparable to the traditional activity of an insurance intermediary carrying out insurance distribution.

Due to this, Banks would be required to extend their tied insurance intermediary licence, however, this would have

conflicted with the Bancassurance Policy.

Thus, the revised Bancassurance Policy states the following:

“Licensed Credit and Financial institutions may not directly or indirectly be involved in insurance intermediaries activities, including the marketing and sales of general insurance products, except to act as Tied insurance intermediaries in accordance with the Insurance Intermediaries Act (Cap. 487) in classes of long-term insurance business and the following classes of general insurance business:

- Classes 1, 2 and 16 – restricted to payment protection contracts of insurance issued in relation to loan repayments and individual health policies;
- Classes 8, 9, 13 – related to home policies covering all aspects of residential property ownership;
- Classes 1, 2, 7, 8, 9, 13, 18 – restricted all types of single or annual travel policies; and
- Class 14 – restricted to export credit contracts of insurance.

As from the 5th of May 2025, the MFSA will be accepting applications for enrolment or extension of their enrolment, as applicable in the Tied Insurance Intermediaries List of credit and financial institutions to carry on tied insurance intermediaries activities in the classes of general insurance, restricted to the contracts of insurance indicated above, by compiling the Fourth Schedule to Chapter 2 of the Insurance Distribution Act and submitting it through the LH portal.

3.0 CREDIT INSTITUTIONS

3.1 Circular to Credit Institutions including Foreign Branches on the Mandatory Adoption of the XBRL-CSV Format for Supervisory Reporting

On the 15th of May 2025, the MFSA published a [circular](#) to provide an update on the local implementation of, including the switchover to, the new format for the submission of EBA-developed regulatory requirement obligations.

The Authority will adopt the XBRL-CSV reporting format for the above submissions made via the LH Portal, with mandatory application starting from reports with reference date 31 December 2025. This initiative will be implemented based on the following guiding principles:

- i. **Simultaneous implementation across all reporting modules:** To avoid unnecessary complexity and fragmentation, once the new reporting format requirement is in effect, it will apply uniformly to all supervisory reporting modules. This approach avoids the need to support dual formats and ensures consistency across all datasets for both institutions and the Authority.
- ii. **Application of CSV format starting from December 2025 reference date:** The XBRL-CSV format will be applicable only to reports referencing 31 December 2025 and later. Reports relating to earlier reference dates, including resubmissions, must continue to be submitted in the current XBRL-XML format. This approach ensures format consistency across original and resubmitted data. Allowing CSV for earlier

reference dates would risk introducing conflicting formats for the same reporting period, increasing complexity in validation and data handling.

- iii. **Availability of a pre-production testing environment:** To support institutions in adapting to the new format, the MFSA will provide access to a dedicated testing environment in Q4 2025, replicating the parameters and validations of the LH portal production system. The environment is intended exclusively for testing the technical processing of XBRL-CSV submissions on the LH portal. Institutions may use it to identify and resolve formatting or structural issues in advance of the mandatory implementation date. It should be noted, however, that this testing is not conducted in parallel with ECB systems, and feedback received through this environment may not reflect accurate outcome of ECB business validations. Accordingly, it should not be used for data quality assessments.
- iv. **Format validation checks in LH Portal:** To safeguard data quality and streamline processing, the MFSA is adapting the existing first-level automated format checks within the LH Portal. These checks will:
 - Validate that the submission format (CSV or XML) corresponds correctly to the reference date;

- Immediately reject incorrect file types;
- Additionally, assess compliance with selected technical requirements of the EBA XBRL–CSV reporting package, particularly as outlined in the ‘File naming structure for remittance to the EBA’ section of the EBA Filing Rules v5.5.

These checks are intended to minimise submission errors and reduce the need for post-submission corrections. Institutions are reminded to undertake all the necessary internal preparations for the switchover to the new reporting format, including resource allocation, system updates and testing.

3.2 Circular to Credit Institutions on Amendments to Banking Rules BR/14 and BR/24

On the 16th of May 2025, the MFSA issued a [circular](#) to inform the industry that the Authority is issuing amended versions of Banking Rules BR/14 on Outsourcing and BR/24 on the Internal Governance of credit institutions.

These amendments have been carried out primarily due to the update by the European Banking Authority of the Guidelines on ICT and security risk management which have been reduced in scope following the entry into force of Regulation (EU) 2022/2554. The updated EBA Guidelines outline requirements in the area related to “Payment service user relationship management”. The amendments to the Banking Rules also cater for a few other adjustments as explained below.

BR/14 has been amended as follows:

- a) Removal of references to the MFSA’s Guidance on Technology Arrangements, ICT and Security Risk Management, and Outsourcing Arrangements document in paragraph 5A, and in the footnote to paragraph 22 since the Guidance document no longer applies to credit institutions, as outlined in an MFSA Circular dated 26th March 2024;
- b) Inclusion of a new paragraph 8A to provide clarity on the interaction between the requirements of the Rule with those emanating from the DORA Regulation; and
- c) Removal of reference to the EBA Guidelines as mentioned in the footnote to paragraph 22 as the updated Guidelines are not deemed to be relevant within the context of this Rule.

BR/24 is being amended to include references to the updated EBA Guidelines in paragraphs 4(c), 73(a) and 295. While the scope of the EBA Guidelines has been narrowed down, the topic of “Payment service user relationship management” is still deemed as relevant within the context of this Rule.

The amended Rules became applicable from the 20th of May 2025.

CROSS-SECTORAL REGULATORY UPDATES

4.0 COMPANY SERVICE PROVIDERS

4.1 Updates to the Company Service Providers Act (in light of Act X of 2025)

On the 19th of May 2025, the MFSA issued a [circular](#) to inform the industry of the coming into effect of the amendments made to the Company Service Providers Act. The amendments published by virtue of [Act No.X of 2025](#) were introduced pursuant to the Authority's exercise, initiated in 2024, to identify areas whereby proportionality can be introduced within the Company Service Providers (CSP) framework whilst ensuring continuous adherence to Malta's international commitments.

The key changes made to the Act affect mainly individuals providing the services of a director or company secretary, or holding a similar position in other legal entities to various extents, mainly with respect to the number of involvements held. The changes impact mainly Class B CSPs through the introduction of two concepts, namely, Registration and Notification.

In fact, Article 3A(2) of the Act establishes a new registration requirement for individuals providing directorship and/or company secretary services in a company, or holding a similar position in other legal entities. Such individuals referred to as Limited Company Service Providers in the Act can hold up to ten (10) Involvements. The Registration Form to be submitted for the purposes of article 3A(2) of the Act is accessible through the Authority's website.

Moreover, Article 3B(1) of the Act establishes a new notification requirement for individuals providing directorship and/or company secretary services in a company, or holding a similar position in other legal entities without holding themselves as providing such services. Such individuals referred to as Restricted Company Service Providers in the Act can hold up to five (5) Involvements with a maximum of two (2) groups. The Notification Form to be submitted for the purposes of Article 3B of the Act is accessible through the LH Portal of the Authority. In this regard, the Authority has issued a new Guidance Note on the Notification Process for Restricted Company Service Providers laying down the step-by-step procedure to be followed with respect to the submission of the Notification Form.

Amendments have also been carried out to the Company Service Providers (Fees) Regulations and the Company Service Providers (Exemption) Regulations. The Company Service Providers (Fees) Regulations have been amended by virtue of L.N. 89 of 2025 to introduce a registration fee pursuant to the new registration requirement and to introduce a notification fee pursuant to the new notification requirement introduced under article 3B of the Act. Changes were also made to the pre-existent fees as established under the said Company Service Providers (Fees) Regulations.

Moreover, the Company Service Providers (Exemption) Regulations were amended by virtue of L.N. 90 of 2025 to remove the exemption under regulation 3(1)(b) in relation to VFA Agents in terms of the Virtual Financial Assets Act, pursuant to the repeal of the said Virtual Financial Assets Act. In addition, the exemption under regulation 3(1)(c) with

respect to solely providing services as director or company secretary in a company, or holding a similar position in other legal entities where such entity is a regulated entity by the Authority, is being widened to include the immediate holding company.

The Company Service Providers Rulebook was amended to reflect the amendments to the Act. The "Interpretation" section includes new definitions. Chapter 1 dealing with the scope and application of the rulebook was also amended to consider the different categorisations of persons providing company services as established by the changes to the Act.

Additionally, a new rulebook for Limited Company Service Providers has also been introduced specifically for this new category of CSPs. This Rulebook has been tailored to reflect the limited activities of such category of CSPs whilst Establishing obligations to ensure compliance in the provision of their services and a sound understanding of the risks they are being exposed to.

The Authority has also amended the Guidance Note on the Application of the Company Service Providers Act to be aligned with the changes made to the Act. The Authority particularly draws the attention to the changes made to interpretation of the term "by way of business."

4.2 Circular Addressed to Individuals Authorised as Under Threshold Class B Company Service Providers (CSPs) following the Enactment of Act X of 2025

On the 2nd of June 2025, the MFSA published a [circular](#) addressed to currently authorised Under Threshold

Class B CSPs to outline the steps for individuals who intend to convert their current authorisation to either become a Limited Company Service Provider or a Restricted Company Service Provider.

As from the 16th of May 2025, individuals who were authorised as Under Threshold Class B CSPs can now automatically hold up to a maximum of twenty (20) involvements. Individuals who intend to retain their current authorisation as Under Threshold Class B CSPs are not required to take any further action.

Nevertheless, such individuals are kindly requested to return the original Annex to the Authorisation Certificate to the Authority to be replaced with an updated version reflecting the revised maximum number of permitted involvements, which has been increased from ten (10) to twenty (20).

Individuals who were authorised as Under Threshold Class B CSPs and who do not intend to hold more than ten (10) Involvements at any point in time, may request the Authority to convert their authorisation to become Limited Company Service Providers. To streamline this process the Authority prepared a template letter for individuals intending to formally submit their request to be reclassified, which submission should reach the Authority by no later than the 30th of September 2025.

Until the conversion is approved by the Authority, the obligations of current Under Threshold Class B CSPs will remain in force. The Authority will accept requests to convert the current Class B under threshold authorisation to Limited Company Service Providers after this date, however submissions after this date might result in such authorised

persons adhering to current obligations with respect to regulatory submissions.

The Authority is privy to the fact that there may be individuals who are currently authorised as Under Threshold Class B CSPs who have a limited number of involvements, who are not holding themselves out and are not actively seeking to increase their current involvements. Such individuals may effectively wish to surrender their authorisation to become Restricted Company Service Providers.

Before any decision is taken, the starting point is for the individuals to carry out an assessment to determine whether their current involvements are being provided to third parties by way of business or otherwise. Further information on the interpretation of the term “by way of business” can be found in the revised Guidance Note on the Application of the Company Service Providers Act. Apart from the said guidance note, the individual would have to consider whether:

- s/he is carrying out any advertising, such as, through the setting up of a website or social media;
- their CV is held by accountancy and/or legal firms for any referrals to provide the services relating to directorship or company secretary positions;
- referrals of clients were made by Limited Company Services Providers and/or Company Services Providers to provide directorship services or company secretary services.

It is only in the instance that it is determined that such involvements are not provided by way of business, and such involvements are limited to five (5)

with a maximum of two (2) groups that they may consider becoming a Restricted Company Service Provider.

Prior to submitting a Notification Form, currently authorised individuals are required to submit a formal request to the MFSA on cspssupervision@mfsa.mt asking for approval to voluntarily cancel their Authorisation, in terms of the provisions of the Rule Book for Company Service Providers.

Such individuals are reminded that only once the Authority determines that the surrender process is finalised, may they then proceed to submit a Notification Form to effectively become a Restricted Company Service Provider.

5.0 DIGITAL FINANCE

5.1 Circular to the Industry on the Publication of the Crypto-Asset Service Provider Return

On the 4th of April 2025, the MFSA published a [circular](#) to inform all Crypto-Asset Service Providers licensed under the Markets in Crypto-Assets Act (“the Act”) of the publication of the Crypto-Asset Service Provider Return (‘CASP Return’). The latest version of the CASP Return (v25-01-a) may be accessed through the MFSA website.

The new CASP Return is to be compiled and submitted through the MFSA LH Portal initially by the 30th of April 2025 and subsequently in line with the deadlines stipulated in the Markets in Crypto-Assets Rulebook and outlined in the CASP Regulatory Documentation Table.

It is the responsibility of the Authorised Person to ensure the timely submission

of the CASP Return and the accuracy of all data provided, in accordance with the applicable regulatory framework. Failure to comply with the above requirements may result in regulatory action in line with the Authority's enforcement procedures.

5.2 Act No. XI of 2025 – Various Financial Services Laws (Amendment) Act

On the 16th of May 2025, [Act No. XI of 2025](#) entitled Various Financial Services Laws (Amendment) Act was published in the Government Gazette.

Of particular importance are the amendments carried out to the Markets in Crypto-Assets Act (MiCA). After sub-article (3) of article 51, sub-articles (4) and (5) were added. Sub-article (5) empowers the MFSA to liaise with the Commissioner of Police to receive specific information related to criminal investigations or proceedings commenced for breaches of the MiCA Regulation, the MiCA Act and the Rules issued thereunder. The Commissioner of Police shall also provide the information received and transmit copies of acts and documents of the courts of criminal justice in accordance with the second proviso to article 518 of the Criminal Code, to other authorities which are deemed competent authorities for the purposes of Article 93 of the MiCA Regulation, as well as to the EBA and ESMA, for the purpose of fulfilling its obligations to cooperate in terms of the MiCA Regulation, the Act or any regulations made and Rules issued thereunder.

5.3 Circular to the Industry in relation to Updates to the Markets in Crypto-Assets (MiCA) Rulebook and Chapter 3 of the Financial Institutions Rulebook

On the 16th of June 2025, the MFSA published a [circular](#), to inform the industry that it has issued an updated version of the Markets in Crypto-Assets ('MiCA') Rulebook, which applies to entities falling within the scope of the Markets in Crypto-Assets Act, along with amendments to Chapter 3 of the Financial Institutions Rulebook ('FIR/O3') which applies in part to issuers of e-money tokens.

The rules which have been added or updated seek to apply MiCA Level 2 and Level 3 requirements or clarify the process which should be followed by applicant's and/or Authorised Persons when submitting certain notifications to the Authority. All amendments are immediately applicable upon publication of the updated rules.

Specifically, the following updates have been undertaken:

1. An update to R2-2.1.4 was made to ensure the application of the ESMA Guidelines on the conditions and criteria for the qualification of crypto-assets as financial instruments;
2. An update to R2-2.4.1 was made to ensure the application of the Joint EBA and ESMA Guidelines on the assessment of the suitability of the members of the management body of issuers of

- asset-referenced tokens and of crypto-asset service providers;
3. An update to R2-3.2.1 to ensure application of the ESMA Guidelines on the maintenance of systems and security access protocols under MiCA, which supplements Article 14(1) of the MiCA Regulation;
 4. R3-1.10 was added to ensure application of ESMA Guidelines on supervisory practices for competent authorities to prevent and detect market abuse;
 5. R2-3.2.5 was added to clarify the process for submitting notifications where a crypto-asset other than an EMT or ART is subject to a limited network exemption.

Apart from this, R3-3.5.6.1 has been added to FIR/O3 to clarify the process which is to be followed when an issuer of EMTs wishes to submit a MiCA Article 60(4) notification.

5.4 Follow-Up Circular to the Industry on the Authorisation Process for MiCA Applicants

On the 17th of June 2025, the MFSA issued a [circular](#) to inform all Applicants for authorisation as a crypto-asset service provider (CASP), including both Category A and Category B entities, that they will be required to submit the below-listed forms in addition to the documentation outlined in the Annex to the Circular of the 10th of December 2024:

1. Annex AX05: Digital Operational Resilience Assessment
2. Annex AX50: ICT Third-Party Provider Assessment

The relevant Annexes may be downloaded from <https://www.mfsa.mt/our-work/authorisations/> under Sector: 'Crypto-Assets', Sub-section: Crypto-Asset Service Provider'.

6.0 SUSTAINABLE FINANCE

6.1 ESMA consults on rules for external reviewers of European Green Bonds

On the 7th of April 2025, the European Securities and Markets Authority (ESMA) published a [Consultation Paper](#) on the remaining Regulatory Technical Standards (RTS) for external reviewers under the European Green Bonds Regulation.

The RTS relate to the following aspects of the external reviewer regime:

- Appropriateness, adequacy and effectiveness of systems, resources and procedures;
- Authority, resources, expertise and access to relevant information of the compliance function;
- Soundness of administrative and accounting procedures, internal control mechanisms and effectiveness of information systems controls;
- Quality and reliability of sources of the information used for external reviews;
- Information, form and content of applications for recognition; and
- Notification of material changes in the information provided at registration.

ESMA considers that these technical standards will enhance the robustness and transparency of external reviews of European Green Bonds and in turn boost

investors' confidence that their capital is genuinely driving the green transition.

The draft RTS will be submitted to the European Commission for adoption by the 21st of December 2025. The technical standards will also be subject to non-objection by the European Parliament and Council.

6.2 ESMA consults on rules for ESG Rating Providers

On the 2nd of May 2025, ESMA published a [Consultation Paper](#) on draft Regulatory Technical Standards (RTS) under the [ESG Rating Regulation](#).

The draft RTS cover the following aspects that apply to ESG rating providers:

- The information that should be provided in the applications for authorisation and recognition;
- The measures and safeguards that should be put in place to mitigate risks of conflicts of interest within ESG rating providers who carry out activities other than the provision of ESG ratings; and
- The information that they should disclose to the public, rated items, and issuers of rated items, as well as users of ESG ratings.

The draft RTS will be submitted to the European Commission for adoption in October 2025.

7.0 ANTI-MONEY LAUNDERING LEGISLATION

7.1 FAQ – Centralised Bank Account Register

On the 4th of April 2025, the FIAU published an [FAQ document](#) which focuses on the Centralised Bank Account Register.

The Centralised Bank Account Register (CBAR) was introduced in 2020 through the [Centralised Bank Account Register Regulations \(S.L.373.03\)](#). This Register serves as a searchable database encompassing bank and payment accounts identifiable by IBAN, safe custody services (SCS) and safe deposit boxes (SDB) offered by credit and financial institutions. Regulation 4(2) of the CBAR Regulations and the FIAU's 'Notice: CBAR System – Go Live Date and Submission of the XML File', require credit and financial institutions to make available data and information once every seven (7) calendar days.

The information stored in CBAR is accessible to the FIAU, the Malta Police Force, the Asset Recovery Bureau, the Commissioner for Revenue, the Sanctions Monitoring Board and the Malta Security Service for the purposes of preventing, detecting, investigating or prosecuting money laundering, associated predicate offences, funding of terrorism or any other serious criminal offence.

7.2 Enhancing the Effective Supervision of VASPs: Key Takeaways from the VASPs Risk-Based Supervision Symposium

On the 5th of May 2025, the FIAU issued an [update](#) to summarise the main points mentioned during the "VASPs Risk-Based Supervision Training Symposium".

Coordination among FIUs, supervisory authorities and law enforcement is

essential whether a jurisdiction adopts a registration model, a bespoke licensing framework or integrates VASP oversight into existing structures. A unified domestic approach is critical particularly when tackling challenges such as identifying unregistered or offshore VASP activity.

This level of domestic coordination must also extend internationally, as the borderless nature of virtual assets demands collaborative cross-border investigations and joint supervisory actions. While multilateral AML supervisory colleges have primarily been implemented within the European context, this collaborative model offers significant potential for broader adoption globally, strengthening cross-border coordination and enhancing the collective ability to tackle emerging risks in the VASPs sector.

The VASPs sector brings new, complex risks that require regulators to adopt a more interdisciplinary lens both in how they structure their teams and the technologies to implement their supervisory plans. When specialised expertise in virtual assets is lacking, empowering staff who demonstrate genuine curiosity and initiative in this field can reduce the dependency on external hires.

In addition to this, as regulators face increasing complexity and data volumes, technology becomes a critical enabler of more targeted and efficient oversight. The emergence of novel suptech tools, especially in blockchain analytics, has opened new doors for regulators to apply a more robust risk-based approach. Nevertheless, these tools should be approached with caution since there is a real risk that supervisory decisions are made without clarity on how conclusions

were reached if the automated outputs are accepted without being questioned.

VASPs and other obliged entities operating within the virtual asset space, confront risks in real time and develop operational insights that regulators may not yet have visibility into. Thus, establishing feedback loops between these obliged entities and supervisory authorities is critical to ensure that regulatory guidance remains timely, practical, and responsive to emerging threats.

7.3 EBA issues criteria to determine when Crypto-Assets Service Providers should appoint a central contact point to strengthen the fight against financial crime

On the 7th of May 2025, the FIAU published an [update](#) to notify subject persons that the European Banking Authority (EBA) has issued new draft Regulatory Technical Standards (RTS) that define when crypto-asset service providers (CASPs) have to appoint a central contact point.

The provision of services by CASPs established in one EU Member State is permitted in other Member States. In cases where CASPs have a local establishment, such as through a crypto ATM, CASPs are required to comply with both local and home state anti-money laundering and countering the financing of terrorism (AML/CFT) regulations. In such cases, the mitigation of ML/TF risks and the facilitation of effective cross-border AML/CFT supervision are supported by central contact points.

The draft RTS outline the conditions under which CASPs should appoint a central contact point, as well as their roles and responsibilities.

These draft RTS were submitted to the Commission for endorsement, following which they will be subject to scrutiny by the European Parliament and the Council before being published in the Official Journal of the European Union, at which point they become legally binding and applicable.

7.4 The FIAU Malta publishes a Guidance Document on Identifying Key Red Flags in Financial Statements and Non-Financial Information

On the 14th of May 2025, the FIAU issued an [update](#) to inform subject persons of the publication of a new [Guidance document](#) entitled “Key Red Flags in Financial Statements and other Non-Financial Information: Insights from the FIAU”.

It aims to guide readers in identifying key money laundering red flags frequently encountered by the FIAU in a company’s financial and non-financial information. The information provided in this paper is intended for general guidance purposes only and should not be considered as binding or exhaustive.

The red flags outlined in this paper are based on the FIAU’s analysis of submitted reports. This list is not exhaustive, and the presence of a single red flag does not automatically indicate illicit activity. Red flags should be assessed collectively and in context as potential indicators of suspicious activity related to money laundering or terrorist financing, rather than conclusive evidence.

Reporting entities are encouraged to quote the code outlined in this guidance document (SA25-O1) with any suspicious

reports submitted through the guidance of this document.

7.5 The FIAU Malta Publishes Corrective Actions Paper

On the 18th of June 2025, the FIAU issued an [update](#) to inform subject persons (SPs) of the recent [publication](#) titled “Corrective Actions Paper”.

This paper aims to expand on the administrative measures imposed by the FIAU that are aimed at ensuring that necessary corrective actions are taken. This paper also provides an explanation of the different types of Directives which may be imposed and the enforcement process behind the FIAU’s monitoring SPs adherence to the said Directives.

This paper is to be read in conjunction with other guidance notes and papers which were issued by the FIAU in previous years, including the Enforcement Factsheet issued in January 2024.

7.6 FIAU Launches the 2024 Annual Report – Strengthening the Fight Against Financial Crime

On the 18th of June 2025, the FIAU issued an [update](#) to announce the release of its 2024 Annual Report which offers a comprehensive overview of the Unit’s operations, achievements and strategic progress over the past year.

The 2024 Annual Report is closely aligned with the FIAU Strategy 2023–2026. By the end of 2024, 25% of the strategic objectives had been completed, while 58% were in progress, demonstrating steady momentum and clear focus as more initiatives continue into 2025.

Key insights from the report include statistical data on reporting trends, collaborative efforts and guidance and outreach initiatives:

- **Reporting Trends:** The Unit observed a continued increase in Suspicious Transaction Reports (STRs), with a 3% increase over 2023, thus further strengthening the effectiveness of financial intelligence gathering. The Remote Gaming Sector remains the leading reporting sector, though improvements in training and support have contributed to a rise in reporting across various sectors.
- **Guidance and Outreach:** The Unit published eight new guidance documents during 2024. Staff participation in outreach and training remained strong, with involvement in over 40 third-party events reaching more than 4,000 participants. Additionally, the FIAU hosted three dedicated training sessions to further support subject persons in fulfilling their AML/CFT obligations.
- **Supervision & Enforcement:** Over the past year, 187 supervisory interventions were conducted, and over 70 actions were taken by the FIAU to drive AML/CFT compliance through remediation or administrative measures.
- **Collaboration:** The FIAU strengthened partnerships with both local and international stakeholders. Through public-private partnerships, participation in global forums, and targeted training programmes, the Unit continues to foster a coordinated approach to combating financial crime.

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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