

Regulatory Compliance Update

Q1 2026

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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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¹Asset 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 Discontinuation of MFSA LH Portal Submissions for the CBM Investment Funds Statistical Return

On the 15th of January 2026, the MFSA in conjunction with the Central Bank of Malta (CBM), issued a [circular](#) informing collective investment schemes of changes to the submission process for the CBM Investment Funds Statistical Return.

These changes follow a joint review aimed at streamline data collection, reducing duplicative reporting, and aligning with the “report once” and “single point of entry” principles. Under the revised framework, the CBM Investment Funds Statistical Return will no longer be submitted to the MFSA through the Licence Holder Portal (LH Portal). Instead, investment funds are required to submit the return exclusively to the CBM via the INFOSTAT portal, after which the CBM will transmit the data to the MFSA through a secure direct data connection.

The revised requirements apply to December 2025 reference data, which are to be submitted by 21 January 2026. For funds with a monthly reporting frequency, the final submission via the MFSA LH Portal is the reference period ending 30 November 2025, whereas all reporting periods ending 31 December 2025 onwards must be submitted solely through the CBM’s INFOSTAT portal. The MFSA has also confirmed that the LH Portal project “CBM Investment Funds

Statistical Return” will be disabled, and that any revisions relating to reference periods prior to 30 November 2025 will likewise no longer be accepted through the LH Portal and must instead be filed via the INFOSTAT portal.

1.2 Legal Notice 6 of 2026 titled Malta Financial Services Authority Act (indices used as benchmarks in financial instruments and financial contracts)

On the 16th of January 2026, [Legal Notice 6 of 2026](#) was published in the Government Gazette. This Legal Notice amends the [Malta Financial Services Authority Act \(Indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds\) Regulations](#) to align Maltese law with recent amendments to the EU Benchmarks Regulation (EU) 2016/1011, as introduced by Regulation (EU) 2025/914. The amendments primarily implement changes relating to the scope of benchmark rules, the use of third-country benchmarks, and enhanced supervisory and reporting provisions.

The Regulations clarify that a “supervised entity” expressly includes an administrator authorised or registered under Article 34 of the Benchmarks Regulation, reinforcing the MFSA’s supervisory remit over benchmark administrators operating under the EU framework. The Regulations also expand the MFSA’s regulatory powers by expressly recognising Article 24a of the Benchmarks Regulation, alongside Articles 24 and 25, in provisions dealing with benchmark oversight; empowering the MFSA to designate benchmarks as “significant” in accordance with Article 24(3) and granting the MFSA authority,

where there are reasonable grounds to suspect breaches of Chapter 3A of Title III of the Benchmarks Regulation, to require an administrator to cease, for a maximum period of twelve (12) months, the provision of EU Climate Transition Benchmarks or EU Paris-aligned Benchmarks, including restrictions on the use of those terms in benchmark names and related legal or marketing documentation.

1.3 Amendments to the Annual Fund Return

On the 2nd of February 2026, the MFSA issued a [circular](#) announcing amendments to the Annual Fund Return (AFR) as part of its ongoing efforts to reduce the reporting burden on the funds industry. The changes involve both structural simplifications to the AFR and related amendments to the MFSA rulebooks including the removal of the requirement for CISs to obtain an auditor's confirmation on the AFR.

A new version of the AFR, Version 1.11, is now available on the MFSA website and applies to Collective Investment Schemes (CISs), including Retail Collective Investment Schemes, Alternative Investment Funds (AIFs), Professional Investment Funds (PIFs), and Notified AIFs. The updated version introduces several simplification measures, notably through the removal and consolidation of reporting elements, while improving validation functionality within the return itself.

Key amendments to the AFR include:

- The removal of the portfolio statement sheet; the SFDR sheet; the validation checks sheet; the valuation of assets and liabilities sheet; the income statement

sheet; and the statement of financial position sheet.

- The removal of several data points from the cover sheet
- The addition of validation checks next to individual data points to facilitate easier identification of validation errors.
- The integration of data points previously included in other sheets into the supplementary documentation sheet, namely information on founder share capital and the total expense ratio and other SFDR-related questions

In parallel, the MFSA has updated its rulebooks to reflect the removal of the income statement and statement of financial position sheets from the AFR. As a result, the requirement for the AFR to be audited and for an auditor's confirmation to be obtained has been discontinued. This change applies across multiple regulatory frameworks, including the AIF Rulebook, the various PIF Rulebooks, the NAIF Rulebook, and the UCITS rulebook applicable to Malta-based retail schemes.

CISs are required to submit AFR Version 1.11 to the MFSA for all submissions relating to the reference period ending December 2025, or any AFR submissions due on or after May 2026. The MFSA has clarified that existing regulatory submission deadlines and file naming conventions remain unchanged.

1.4 Updates on the IFR EBA Reporting Framework Testing Portal

On the 6th of February 2026, the MFSA published a [circular](#) to inform MiFID firms about a testing phase linked to changes in the EBA Reporting Framework, specifically the transition to EBA Taxonomy and ITS version 4.2. This

information should be read alongside the Investment Firms Regulation (EU) 2019/2033, Regulation (EU) 2021/2284 and related regulatory guidance, including the Investment Services Supervision Regulatory Briefing on “EBA Reporting Framework 4.2”.

The MFSA announces a dedicated testing window running from 9 to 20 February 2026, during which MiFID Firms are strongly encouraged to participate. Firms may submit test XBRL–CSV files through the LH Portal testing environment, which mirrors the live reporting portal used for regulatory submissions. Existing users of the live LH Portal can access the testing environment using their current credentials.

The exercise is limited to validation of the upload and submission process via the LH Portal. Firms may use dummy or test data, as no binding checks will be performed on the completeness or accuracy of reported data points, and any automated feedback relating to data content should be disregarded. Firms should focus solely on whether files are successfully uploaded and processed. Notwithstanding the above, submitted files are expected to comply with the applicable technical requirements, including correct file structure, naming conventions, and other relevant specifications.

For the purposes of the exercise, firms are required to use the ITS version 4.2 framework, including all applicable templates and naming conventions as published on the EBA website. The circular also reminds firms that the changes to the module in the file naming convention, together with the mandatory use of the XBRL–CSV format will apply to regulatory returns for reference periods on or after March 2026.

1.5 Thematic Review on Compliance and Internal Audit Functions of Management Companies of AIFs and UCITS funds

On the 23rd of February 2026, the MFSA published a [Dear CEO Letter](#) addressed to the boards and compliance function holders of AIFMs and UCITS management companies, including self-managed AIFs/UCITS, setting out the main findings, observations and supervisory expectations arising from a thematic review on the adequacy of compliance and internal audit functions.

The review assessed compliance with requirements under the UCITS Directive and AIFMD frameworks as implemented through applicable MFSA rules and licence conditions. The MFSA used a self-assessment questionnaire (covering a sample representing around 16% of the total population), thematic meetings with selected firms, and follow-up supervisory engagement to clarify responses.

For the **compliance function**, the MFSA emphasised the requirement to maintain an appropriate degree of independence taking into account the principle of proportionality, as well as the ability to escalate material compliance matters to the Board and, where necessary, to the Authority. Key weaknesses included insufficiently documented escalation and follow-up of breaches and unresolved issues, over-reliance on informal communication, and policies and procedures not being reviewed at least annually.

Conflicts of interest frameworks were often outdated and the conflicts of interests registers lacked adequate detail and did not clearly evidence mitigation measures, including the nature of the conflict, the parties involved and

the measures implemented, prompting expectations for timely updates.

The MFSA also identified gaps in training programmes. Staff training on regulatory developments and compliance responsibilities was inconsistent, and certain compliance reports were found to be incomplete, including instances of incomplete reporting of matters such as breaches of investment and borrowing restrictions and material valuation errors exceeding 0.5% of NAV.

On compliance monitoring, firms' monitoring plans were not always risk-based or supported by a documented and sufficiently granular compliance risk assessment, with unclear testing methodologies and incomplete coverage of key areas including cross-border passporting, websites and marketing materials, delegates, cyber-security, and sustainability risks and disclosures. Weaknesses also arose in documenting remediation, tracking actions and ensuring timely closure, including the absence of formal remediation plans and root cause analysis in certain cases. Board oversight was sometimes poorly evidenced in minutes, with key discussions not constantly documented and delays in follow-up on identified deficiencies, alongside concerns about the absence of adequate security measures (such as encryption) in the circulation of board documentation.

For delegated compliance and internal audit, the MFSA found limited documented oversight of delegates and weak contingency planning for termination or resignation.

Internal audit planning and tracking were often insufficient, and where firms relied on derogations from a separate internal audit function, very limited detail was

provided on the alternative assurance arrangements in place, which were not always clearly substantiated.

As a result of the review, the Authority expects firms to perform a documented gap analysis.

1.6 The European Commission's Targeted Consultation on the Reform of EU Venture and Growth Capital Funds

On the 25th of February 2026, the MFSA issued a [circular](#) to inform the relevant industry stakeholders, in particular venture and growth fund managers and the public that the Directorate-General for Financial Stability, Financial Services and Capital Markets Union ("DG FISMA") of the European Commission ("EC") has issued a public call for a targeted consultation on the EU venture and growth capital funds reform.

In view of the results of the external study delegated by DG FISMA, the EC has observed that small and mid-sized fund managers encounter issues that impede their growth, scalability and cross-border operations due to fragmented markets and regulatory burdens.

The EC aims to obtain feedback from the relevant stakeholders and utilise the collected data to identify and address any obstacles that may arise from the application of European Venture Capital Funds Regulation ("EuVECA"), the Alternative Investment Fund Managers Directive (AIFMD) and/or jurisdiction-specific legal frameworks, policies or other measures regulating investment funds. The purpose of the consultation is to facilitate competitiveness and growth across the EU single market.

Stakeholder responses to the public call for the Targeted Consultation should be

submitted directly to the EC by registering via the designated submission link. The Authority encourages all interested stakeholders to participate in this consultation. Kindly note that the EC's submission deadline is 12 March 2026.

1.7 Investment Services Supervision Regulatory Briefing

On the 3rd of March 2026, the MFSA issued an [Investment Services Supervision Regulatory Briefing](#) (the "Briefing") to bring to the attention of the asset management industry a number of important publications issued by the MFSA, European Commission, and the European Supervisory Authorities (ESAs) from 29 July 2025 to 28 February 2026.

The briefing focuses on key developments such as (i) MFSA updates and positions adopted, (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) the publication of guidelines and reports issued by the ESAs.

1.8 Implementation of ESA Guidelines

On the 9th of March 2026, the MFSA issued a [circular](#) setting out amendments to a number of Investment Services Rulebooks and related glossaries in order to implement ESMA's Guidelines on Outsourcing to Cloud Service Providers, as updated following the publication of the DORA Regulation, and to streamline the MFSA's approach to MiCA-related ESA Guidelines.

These amendments are intended to reflect the updated regulatory

framework following the DORA Regulation and to clarify the applicable requirements to different categories of licence holders. The changes affect a broad range of Rulebooks, including those applicable to MiFID firms, UCITS management companies, AIFMs, depositaries, AIFs, Malta-based UCITS, self-managed schemes and Professional Investor Funds.

A key aspect of the circular concerns ESMA's Guidelines on outsourcing to cloud service providers. The MFSA notes that the revised ESMA Guidelines no longer apply to entities that qualify as financial entities under the DORA Regulation and therefore apply only to entities falling outside the scope of DORA. As a result, the regulatory framework governing the applicability of DORA, the ESMA Guidelines on outsourcing to cloud service providers, and/or the MFSA Guidance on Technology Arrangements has been updated to clarify the applicable framework depending on the nature of the entity concerned. This is particularly relevant for firms assessing their ICT and outsourcing compliance obligations under the revised supervisory landscape.

The circular also addresses MiCA-related provisions contained in the relevant MFSA Rulebooks. Rather than continuing to refer to specific ESA Guidelines individually, the MFSA is moving towards a broader compliance approach.

The amendments replace references to particular guidelines with a general requirement for licence holders to comply with any applicable ESA Guidelines and technical standards, as implemented in the MFSA's MiCA Rulebook, subject to an assessment of their applicability in light of the

authorised services and activities carried out by the entity. According to the circular, this approach is being adopted for Investment Firms, AIFMs and UCITS Management Companies to promote regulatory coherence and avoid the need for repeated rulebook amendments as the MiCA framework continues to evolve through additional Guidelines, Delegated Acts and Regulatory Technical Standards

1.9 Circular on ESMA Public Statement: Identifying Derivatives within the Scope of CFDs National Product Intervention Measures

On the 9th of March 2026, the MFSA published a [circular](#) addressed to all investment firms marketing, distributing or offering derivatives to retail clients within the EU. Firms are required to undertake a careful legal analysis of such products and their functionality to determine whether they fall within the scope of applicable product intervention measures. This assessment must be based on the specific product characteristics, irrespective of the commercial label or name assigned to it by the firm.

The MFSA further highlights that this analysis must be carried out while adhering to the firm's overarching obligation to act honestly, fairly and professionally in accordance with the best interests of its clients. Beyond the assessment of product intervention measures, firms must also ensure compliance with the relevant investor protection requirements under MiFID II, particularly those that are of heightened relevance in the context of leveraged products. Given the complexity and risk profile of these instruments, firms are expected to carry out a particularly robust target market assessment,

considering key risk factors, including those linked to leverage and margin trading. Such assessment should be expected to lead to the identification of a narrow target market and a distribution strategy that is consistent with such target market.

In this context, firms should exercise caution in designing and implementing their marketing approach. As noted by ESMA, certain practices are unlikely to be considered compliant with the product governance framework, including mass-marketing campaigns, initiatives targeting inexperienced investors or blanket communications to all clients encouraging them to "get started now" with such products.

Given that derivatives are complex financial instruments, an appropriateness assessment needs to be carried out where such products are provided on a non-advised basis. In addition, firms are expected to identify, prevent or appropriately manage conflicts of interest arising in connection with the offering of these products, particularly where the derivatives are issued by a group entity or traded on a trading venue within the same group, which may create incentives to promote such products to clients. Finally, derivatives such as so-called perpetual futures or contracts qualify as packaged investment products and, as a consequence, firms distributing them to retail clients are required to prepare a Key Information Document (KID).

1.10. Potential Use of Tokenisation of Fund Units – Tokenised Fund Units as Collateral within Permissioned DLT Networks

On the 10th of March 2026, the MFSA published a [Position Paper](#) examining the potential use of tokenised fund units as collateral within permissioned DLT networks. The paper clarifies that tokenisation does not change the legal nature of the underlying instrument, with tokenised fund units remaining financial instruments, and that its scope is limited to this specific use case.

While the MFSA acknowledges the potential advantages of this model, including greater transparency, faster settlement, enhanced traceability, operational efficiencies and real-time monitoring of collateral, it emphasises that such innovation must remain firmly embedded within the existing regulatory framework. In particular, the paper underlines that core regulatory obligations continue to apply, notwithstanding the use of DLT, including investor protection, AML/CFT requirements, valuation standards, governance expectations and appropriate disclosures.

The MFSA also stresses the importance of maintaining robust controls around legal ownership records, custody and wallet arrangements, transfer restrictions, and the reconciliation of on-chain and off-chain data.

The paper further identifies several key risk areas, including cyber risk, smart contract vulnerabilities, interoperability challenges, governance failings, beneficial ownership opacity and valuation mismatches.

Overall, the Position Paper signals that, while the MFSA is receptive to innovation in this area, firms considering such structures will be expected to demonstrate that any tokenisation model is supported by strong governance, clear legal analysis and full compliance with applicable regulatory requirements.

1.11 Circular on Changes to Depository Rulebook and the Depository Financial Return

On the 24th of March 2026, the MFSA issued a [circular](#) to inform market participants of the finalised revisions to the Depository Rulebook and the Depository Financial Return. The changes are intended to streamline reporting, improve data quality, and clarify certain rulebook requirements for depositaries.

A key development is the introduction of a new consolidated Appendix 2 return, which replaces Appendices 2A, 2D and 2E. The revised format significantly reduces the volume of information previously required and will apply to reporting periods commencing from 1 January 2026 onwards.

The MFSA has also amended the reporting timetable. Interim Financial Returns must now be prepared on a six-monthly basis and submitted within 42 days from the end of the relevant reporting period, while the Custody Sheet must be submitted quarterly, also within 42 days from the end of the relevant calendar quarter. For the Custody Sheet, only the “Cover Sheet”, “Custody Sheet” and “List of Sub-Custodians Sheet” are to be completed.

From a data quality perspective, the return must be submitted through the new Appendix 2 – Depositaries project in

Finhub. The MFSA also clarified that the Licence Holder Code in the Cover Sheet must reflect the entity's MFSA 4-digit code as listed on the Financial Services Register. Additional guidance has been provided on naming conventions and on the completion of conditional sheets for entities holding multiple licences to avoid duplicate reporting.

Following industry feedback, the Depositary Rulebook has also been amended to introduce a disclaimer for entities holding multiple licences, so that depositaries also licensed as investment firms or credit institutions may be exempt from certain general requirements where equivalent or more onerous obligations already apply under another regulatory framework. The MFSA has also refined the wording on the call-back procedure to clarify the circumstances in which that procedure must be carried out.

The revised Depositary Rulebook applies from the date of the circular. Licence holders must use the new Appendix 2 format for future submissions but are requested not to submit the new return through the LH Portal before 15 April 2026.

2.0 INSURANCE

2.1 Circular on the Financial Regulatory Submissions of Insurance Intermediaries

On the 5th of January 2026, the MFSA issued a [circular](#) addressed to insurance intermediaries required to submit financial regulatory returns under Chapter 10 (Information for Supervisory Purposes) of the Insurance Distribution Rules issued pursuant to the Insurance Distribution Act (Cap.487).

It applies to Insurance Agents, Brokers, and Managers who must file returns covering statistical statements, audited business statements and related reports, periodic management accounts and statements, audited financial statements, and the auditor's management letter.

While the MFSA confirms that submissions will continue to be made via the LH Portal, it introduces a key operational change. Due to amendments to internal systems, intermediaries must adopt new mandatory file-naming conventions for these returns. The MFSA emphasises that failure to follow the prescribed naming format will result in files being rejected and not uploaded, and that intermediaries will receive an email notification confirming whether the submission was accepted or rejected. The new naming conventions must be used from the next regulatory submission onward.

The circular sets out, in tabular form, the required ZIP file naming conventions and the types of files accepted for each return type, including the use of LHCODE and YYYY, and where applicable, a quarter identifier.

Beyond the procedural naming change, the MFSA uses the circular to reiterate expectations regarding the accuracy and completeness of submitted information, particularly in the BOIIS.

Licence holders are reminded to ensure that required BOIIS cover sheet details are completed correctly, that the tab names from the Cover Sheet through Form 14 are not altered, and that any extra information should be added only through new tabs.

Additional specific reminders include attaching a reconciliation (as referenced in Form 6) when certain debtor/creditor totals do not align with the Management Accounts or Audited Financial Statements, and ensuring that Form 10 is complete, with responsibilities clearly divided. Forms 10A/C are to be completed by Insurance Brokers, while Form 10B is to be completed by Insurance Agents and Insurance Managers.

A new BOIIS Excel file has been uploaded to the MFSA website, with version number 05/2025, and remains accessible under the title indicating applicability for reporting periods on or after 1 January 2025 as part of the Annex to Chapter 10 of the Insurance Distribution Rules. The updated file includes a new version number and introduces additional buttons in Form 10A to allow for the insertion and deletion of rows.

2.2 Circular on the Amendments to Appendix 14 to the Pension Rules for Occupational Retirement Schemes as a result of the release of Taxonomy Version 2.9.0 by EIOPA

On the 9th of March 2026, the MFSA issued a [circular](#) announcing amendments to Appendix 14 of Part B of the Pension Rules for Occupational Retirement Schemes following EIOPA's release of Taxonomy Version 2.9.0. The circular explains that the changes arise in the context of EIOPA's reporting framework under Article 35 of Regulation (EU) No 1094/2010 and affect the format in which certain occupational pension data is to be submitted for quarterly and/or annual reporting purposes.

With effect from 1 January 2025, Taxonomy Version 2.7.0 is no longer to be used and is replaced by Taxonomy Version 2.9.0. To reflect this, the MFSA is amending the annexes to Appendix 14, including updates to three ZIP files and two PDF documents forming part of the reporting framework.

The circular is particularly relevant to Retirement Scheme Administrators of Occupational Retirement Schemes that are subject to the relevant reporting obligations under Appendix 14. Affected entities should ensure that their reporting documentation, internal reporting processes, and submission frameworks are aligned with Taxonomy Version 2.9.0. The circular also clarifies that the amendments came into force on the date of publication, meaning that the revised Appendix applies with immediate effect.

3.0 CREDIT INSTITUTIONS

3.1 Circular to Credit Institutions including Foreign Branches on the Supervisory Reporting Requirements – ITS v4.2

On the 28th of January 2026, the MFSA issued a [circular](#) informing credit institutions, including foreign branches, of updates to the supervisory reporting framework under Implementing Technical Standards (ITS) version 4.2, which apply from the March 2026 reference date. The circular should be read in conjunction with the Capital Requirements Regulation (CRR) and the ITS on Supervisory Reporting set out in Commission Implementing Regulation (EU) 2024/3117, including all related annexes, templates, and instructions.

The MFSA outlines the key amendments introduced by ITS v4.2, distinguishing

between changes affecting the COREP Operational Risk (COREP OF) module and updates applicable across all remaining reporting modules. While COREP OF reporting must generally transition to ITS v4.2 templates from March 2026, specific transitional arrangements apply to certain operational risk templates:

- Templates C 16.02, C 16.03, and C 16.04 are not required for the March 2026 reference date; mandatory submission begins in June 2026, with voluntary reporting permitted from March 2026;
- Template C16.01 must continue to be reported in line with ITS v4.2 technical tables; however, information on other operating expenses is not required for March 2026.

For all remaining modules, ITS v4.2 finalises the transition to the Data Point Model (DPM) 2.0 architecture and introduces a new harmonised glossary. All reporting modules have been updated in line with DPM 2.0, which forms the basis for the ongoing evolution of supervisory reporting towards the XBRL-CSV format.

The circular also highlights the availability of the ITS v4.2 technical package on the EBA website. This package includes validation rules, the Data Point Model, IT instructions, and XBRL taxonomies. Institutions are advised that the EBA Filing Rules (version 5.7) have been updated to reflect amendments to XBRL-CSV filing and remittance rules and are encouraged to consult the EBA FAQ on Reporting Innovations and Upcoming Releases (version 2) for further guidance on recent and forthcoming reporting changes.

Regarding validation rules, the MFSA notes that the EBA has consolidated validation rules and related technical documentation into a single dedicated section on its website. Institutions are reminded to monitor the EBA's published lists of validation rules and to update their internal data processes accordingly.

Finally, the circular draws attention to updates made to the MFSA Supervisory Reporting webpage, which now includes key ITS v4.2 resources such as:

- Reporting templates applicable from March 2026;
- LH Portal guidelines for credit institutions and branches;
- MFSA guidelines on CRD supervisory reporting requirements for institutions and branches; and
- Supervisory reporting remittance dates

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

On the 28th of January 2026, the MFSA published a [circular](#) addressed to credit institutions and foreign branches providing an update on the mandatory adoption of the XBRL-CSV format for supervisory reporting submissions. This update builds on the Authority's earlier communications issued in May and July 2025 and is intended to support institutions' operational readiness ahead of the mandatory reporting change.

To facilitate implementation, the MFSA is inviting all relevant institutions to participate in a testing exercise prior to the mandatory go-live. The testing window runs from 2 February to 13 February 2026, during which institutions

may submit test XBRL–CSV files through the ITS on Supervisory Reporting area using the LH Portal testing environment. The testing environment is designed to replicate the functionality of the live LH Portal used for regular regulatory submissions, and users already registered on the live portal can access the testing environment using their existing login credentials.

The testing exercise is strictly limited to validating the upload and submission process through the LH Portal. Accordingly, institutions may use dummy or test data, and the MFSA will not conduct binding checks on the completeness or accuracy of the reported data. Any automated feedback on data content should therefore be disregarded; institutions should focus only on whether files are successfully uploaded and processed. However, participating institutions must still ensure that submissions comply with applicable technical requirements, including correct file structure, naming conventions, and other relevant specifications.

For the purposes of the test submissions, institutions are required to use the ITS version 4.2 framework, including the corresponding templates and naming conventions, as set out in the resources published in the MFSA’s Supervisory Reporting website section.

As part of the testing process, participating institutions must also complete a User Acceptance Testing (UAT) form provided as an Annex to the circular and return it to the MFSA via the specified email address. Separate UAT forms apply for Credit Institutions and Foreign Branches, and institutions are expected to clearly indicate which submissions were made through the LH

Portal testing environment. The MFSA also indicates that it remains available via the same email channel to answer questions or provide clarification on the testing exercise or the broader transition to XBRL–CSV reporting.

3.3 Targeted Review of Commercial Real Estate (CRE) Lending

On the 9th of February 2026, the MFSA issued a [Dear CEO letter](#) communicating the outcomes of a targeted supervisory review of commercial real estate (CRE) lending. The MFSA frames the exercise against European Systemic Risk Board Recommendation ESRB/2022/9, which highlights CRE–related vulnerabilities and stresses prudent underwriting, adequate provisioning, and regular reassessment of borrower repayment capacity and collateral values.

The review forms part of the MFSA’s outcomes–based supervision and its priorities on credit risk management of CRE exposures. It assessed a sample of banks with material CRE portfolios against requirements in Banking Rules BR/09, BR/24, BR/28, and the Capital Requirements Regulation (CRR).

The MFSA reviewed banks’ frameworks and practices across the credit–risk lifecycle, including risk appetite and governance; loan origination; early warning and credit rating systems; SICR and UTP identification; ongoing credit monitoring; forbearance and default identification; collateral management; and provisioning.

Across the sample, the MFSA assessed 637 points (around 106 per bank) and identified regulatory gaps, with the highest concentrations in:

- Collateral management: 75 gaps (12%)

- Unlikelihood to pay (UTP): 71 gaps (11%)
- Significant increase in credit risk (SICR): 52 gaps (8%)
- Forbearance: 33 gaps (5%)

Although conducted on a sample, the MFSA states that the expectations apply to all credit institutions under the Banking Act. Institutions are expected to maintain strong governance, prudent origination standards, effective early warning and rating systems, forward-looking SICR/UTP frameworks, robust monitoring, disciplined forbearance and default processes, independent and regularly reviewed collateral valuations, and sound provisioning governance and methodologies. Banks should review their internal frameworks, identify weaknesses, and implement timely remedial measures to ensure compliance with BR/09, BR/24, BR/28, and the CRR.

3.4 Circular to Credit Institutions, Advisors and Representatives of Applicants for Authorisations, on the revised Banking Rule BR/01 on the Application Procedures and Requirements of Licenses for Banking Activities and the amendment to Banking Rule BR/24 on the Internal Governance

On the 11th of February 2026, the MFSA issued a [circular](#) addressed to credit institutions, advisors and representatives of applicants for authorisations, announcing the publication of a revised Banking Rule BR/01 and an amended Banking Rule BR/24. Both rules enter into force with immediate effect.

The MFSA undertook a revamp of BR/01, considering developments concerning the authorisation of credit institutions, with the objective of ensuring the Rule remains aligned with the current

regulatory framework. The enhancements introduced include:

- Integration and cross-referencing of the MFSA Authorisations framework, with references to the dedicated MFSA Authorisations webpage.
- Removal of redundant sections and updating of others, including the introduction of a new section addressing the regulatory approval of individuals assuming key positions within a credit institution.
- Further incorporation of the European Central Bank's role in the authorisation process, including reference to the ECB's Guide to the Assessment of Licence Applications and its assessment criteria.
- Removal of questionnaires previously annexed to the Rule, as these are now available on the MFSA Authorisations webpage. The notification form to establish a representative office in Malta remains annexed and has been updated.
- References to related MFSA published guidelines on authorisation, including the Application Guidelines and guidance concerning the Personal Questionnaire.

These revisions streamline the Rule, align it with the Authority's broader authorisation framework, and clarify supervisory expectations regarding key function holders.

The amendment to BR/24 introduces a new Section 6 under Part 2, which replicates and further expands on the regulatory approval requirements for individuals occupying key positions within credit institutions. The new

section also establishes the institution's obligations following the resignation of individuals holding such positions.

The inclusion of this section ensures that the principles governing the approval of key function holders are applied on an ongoing basis, rather than being limited solely to the authorisation stage.

3.5 Circular to Credit Institutions on the Publication of a New Banking Rule BR/32 on Technical Specifications under the Capital Requirements Regulation

On the 17th of February 2026, the MFSA issued a [circular](#) announcing a new Banking Rule, BR/32 on Technical Specifications under the Capital Requirements Regulation. The Rule is addressed to all credit institutions licensed under the Banking Act and, where applicable, to financial holding companies and mixed financial holding companies.

BR/32 implements the EBA Guidelines on Acquisition, Development and Construction (ADC) exposures to residential property under Article 126a of the Capital Requirements Regulation (CRR).

In accordance with Article 126a(1) of the CRR, ADC exposures are subject to a default risk weight of 150% reflecting their heightened risk profile. Moreover, in line with Article 126a(2), ADC exposures to residential property may instead qualify for a reduced risk weight of 100%, provided specific risk-mitigating conditions are met.

BR/32 operationalises these conditions by elaborating on the risk-mitigating criteria set out in the EBA Guidelines, while explicitly taking account of the

specificities of lending to public housing and/or to not-for-profit entities.

3.6 Circular to Credit Institutions including Foreign Branches – Follow up on Submissions of Test XBRL-CSV Files via the LH Portal

On the 17th of March 2026, the MFSA issued a follow-up [circular](#) on the submission of test XBRL-CSV files via the LH Portal. The circular reports on the outcome of the recent testing exercise and reiterates that XBRL-CSV will become the mandatory format for supervisory reporting from the March 2026 reference date onwards, replacing XBRL-XML for new submissions from that date.

The MFSA highlighted several recurring issues identified during testing. These included incorrect ZIP file structure and packaging, non-compliance with file naming conventions and timestamp requirements, missing or incomplete filing indicators, inconsistencies between filing indicators and the CSV files included in the reporting package, and technical configuration issues affecting reporting systems used to generate XBRL-CSV files. The Authority emphasised that institutions must ensure that submissions comply fully with the EBA Filing Rules, the LH Portal Guidelines, and the relevant technical requirements before upload.

In particular, the MFSA stressed the importance of using the required two-layer ZIP structure, ensuring that the inner ZIP file name matches the root folder name, assigning filing indicators for all templates within the reporting module, and maintaining full consistency between those indicators and the CSV files included in the package. Institutions are also expected to liaise closely with

their reporting system providers and to carry out appropriate pre-submission checks.

The LH Portal is ready to accept XBRL-CSV submissions from the March 2026 reference date, while all submissions or resubmissions relating to earlier reference dates must continue to be filed in XBRL-XML format. The MFSA also reminded institutions to make full use of the resources available on its Supervisory Reporting webpage.

CROSS-SECTORAL REGULATORY UPDATES

4.0 COMPANY SERVICE PROVIDERS

4.1 Circular addressed to Company Service Providers on the submission of the Annual Compliance Return

On the 11th of February 2026, the MFSA issued a [circular](#) addressed to Company Service Providers (CSPs) announcing the availability of a revised Annual Compliance Return (ACR) template and reiterating key procedural requirements relating to submission through the LH Portal. While the data requirements remain unchanged, CSPs must ensure that the latest version of the template is used, as previous versions will not be accepted.

Individual licence holders must submit the ACR by 30 April each year, while body corporate licence holders must submit within four months of their financial year end. All information submitted must relate strictly to the relevant reporting period, and CSPs are expected to ensure that submissions are complete and accurate. The MFSA also notes that the ACR applicable to Limited Company Service Providers, issued jointly with the FIAU, will be published separately in due course.

The circular reiterates detailed guidance on naming conventions and document submission via the LH Portal. The ACR must be submitted in both PDF and Excel format, together with supporting documentation, which varies depending on licence classification and generally includes organisational documentation, compliance reports, financial statements and, where applicable, risk reports.

All required documentation must be compressed into a single ZIP file using the prescribed naming convention and uploaded through the LH Portal under the CSP Annual Returns project. Submissions must not include sub-folders and must be uploaded strictly in ZIP format.

The MFSA highlights that submissions will be automatically rejected where naming conventions are not followed, either at ZIP file level or for individual documents within the file. CSPs will receive an automated confirmation email upon successful submission and should contact the CSP Supervision Function if confirmation is not received within 24 hours.

The circular underscores the importance of ensuring that internal processes reflect the updated template and technical submission requirements. CSPs should verify document naming and completeness prior to submission to avoid rejection, particularly as deadlines approach. Overall, the circular reinforces the MFSA's expectation of strict adherence to submission protocols to ensure valid and timely ACR filings.

4.2 Circular addressed to Limited Company Service Providers on the Submission of the Annual Compliance Return

On the 20th of March 2026, the MFSA issued a [circular](#) addressed to Limited Company Service Providers on the submission of the ACR. The circular follows the amendments introduced by Act X of 2025 to the Company Service Providers Act, which created the new category of Limited CSPs, and clarifies the related annual reporting obligations under the Limited CSP Rulebook.

The ACR template is now available on the MFSA website and must be submitted through the LH Portal. The ACR is a single return issued jointly by the MFSA and the FIAU, and Limited CSPs are reminded that it must be submitted by 30 April of each calendar year, covering data for the previous calendar year. Entities which transitioned from Under Threshold Class B CSP status to Limited CSP status on 23 December 2025 must ensure that the ACR captures both periods of operation during 2025.

The ACR must be submitted in Excel format only, together with a signed copy of Sheet 8 and any other supporting documents, all included within one ZIP file uploaded under the Limited CSPs Annual Returns Project on the LH Portal. The MFSA specifically instructs firms not to include sub-folders within the ZIP file and warns that non-compliance with the prescribed naming conventions may result in the submission being rejected. Firms are therefore expected to monitor the automated upload confirmation email and resolve any failed uploads promptly, as the submission will otherwise not be treated as complete.

Where the declaration is signed using an eIDAS-compliant qualified electronic signature, no original hard copy needs to be sent to the Authority. However, where such qualified electronic signature is not used, the originally signed hard copy must be mailed to the MFSA.

5.0 DIGITAL FINANCE

5.1 New Q&As available

On the 27th of February 2026, the European Securities and Markets Authority (ESMA), has published or updated the following Questions and Answers:

European crowdfunding service providers for business

- [Use of fiduciary \(nominee\) structures in equity crowdfunding](#) (2601)

Markets in Crypto-Assets Regulation (MiCA)

- [Clarification on Withdrawal Requirements under Article 75 of MiCA for CASPs](#) (2320)
- [Calculation of fixed overheads](#) (2349)
- [Interests earned from client funds deposited at credit institutions](#) (2486)
- [Payouts in fiat currency by CASPs in the context of exchange services](#) (2550)
- [Overlap between offers of crypto-assets and placing](#) (2551)

OTC derivatives, central counterparties and trade repositories (EMIR) – CCPs

- [AAR threshold calculation](#) (2418)
- [AAR representativeness obligation](#) (2776)

- [AAR representativeness obligation](#) (2777)
- [AAR stress testing](#) (2778)
- [AAR threshold calculation](#) (2779)

6.0 SUSTAINABLE FINANCE

6.1 ESMA promotes clarity in communications on ESG strategies

On the 14th of January 2026, ESMA published a [second thematic note](#) on sustainability-related claims, focusing on ESG strategies.

The note concentrates on ESG integration and ESG exclusions, as references to these strategies are often made by market participants and are widely referenced in marketing communications directed to retail investors.

ESG integration and ESG exclusions can mean different things to different market participants. A lack of transparency when using these terms poses a notable greenwashing risk to investors. The aim of the note is not to define these strategies, but to call on market participants to be clear about what they mean when referencing them.

Similarly to the first thematic note on ESG credentials, this publication offers practical do's and don'ts for making sustainability claims. These are illustrated through concrete examples of good and poor practices based on observed market practices.

6.2 Corporate Sustainability Reporting Regulations, 2026

On the 13th of February 2026, [Legal Notice 39 of 2026](#) titled the Corporate Sustainability Reporting Regulations,

2026 was published in the Government Gazette with the aim of transposing Directive (EU) 2022/2464 into Maltese law, thereby establishing a comprehensive framework governing sustainability reporting by undertakings.

The Regulations require large undertakings and small and medium-sized undertakings that are listed public-interest entities to include sustainability information in their directors' reports, enabling stakeholders to understand both the undertaking's impact on sustainability matters and how such matters affect its development, performance, and position. Certain entities, including the Central Bank of Malta, the Malta Development Bank, Alternative Investment Funds (AIFs), UCITS, and undertakings below specified size thresholds, are excluded.

Undertakings must include a dedicated sustainability section in the directors' report covering the following:

- Business model and strategy resilience and alignment with sustainability objectives;
- Sustainability targets and progress;
- Governance arrangements and directors' roles;
- Policies and due diligence processes;
- Principal risks, impacts, and mitigation actions across operations and value chains; and
- Relevant metrics and EU Taxonomy disclosures.

Reporting must follow sustainability reporting standards adopted by the European Commission and cover short-, medium- and long-term horizons.

Parent undertakings of large groups must prepare consolidated sustainability reporting. Subsidiaries may be exempt where equivalent information is included at group level, subject to disclosure conditions. Simplified reporting regimes apply to certain listed SMEs and smaller entities, and transitional measures are provided, including opt-out possibilities for listed SMEs until 2028.

Moreover, certain Maltese subsidiaries and branches of third-country undertakings meeting turnover thresholds must publish sustainability reports at group level, accompanied by assurance, with specific publication and disclosure requirements.

The Regulations introduce mandatory assurance of sustainability reporting by auditors or audit firms, initially on a limited assurance basis, with a transition to reasonable assurance standards. Detailed provisions address assurance reports, group auditor responsibilities, and documentation requirements.

These reporting obligations apply progressively:

- From financial years starting on or after 1 January 2026: large public-interest entities with more than 500 employees and qualifying parent undertakings;
- From 1 January 2027: other large undertakings and parent undertakings of large groups;
- From 1 January 2028: listed SMEs, small and non-complex institutions, and certain captive insurers

6.3 ESMA supports the simplified European Sustainability Reporting Standards and suggests targeted adjustments

On the 18th of February 2026, ESMA delivered its [opinion](#) on the draft revised European Sustainability Reporting Standards (ESRS) developed by EFRAG. ESMA strongly supports the European Commission's goal of enhancing competitiveness and growth through simplification and burden reduction. On this basis, ESMA welcomes the proposed changes to the ESRS and finds room for specific modifications.

The draft changes to the ESRS contain several improvements in readability, language, and format of the standards, as well as in the volume of requirements. Additionally, helpful simplifications have been introduced in several areas, promoting reporting which focuses more on material matters. Nevertheless, ESMA finds that the draft revised ESRS only partly meet the objective of supporting investor protection and financial stability due to certain technical issues, which it recommends the Commission to address.

In the interest of investor protection and financial stability, ESMA advises the Commission to make some adjustments to the revised ESRS, namely:

- Introducing time limits to certain permanent reliefs;
- Refining requirements on transition plans;
- Strengthening reporting on the sustainability competences of administrative, management, and supervisory bodies;

- Enhancing transparency on the financial resources allocated to sustainability actions; and
- Adjusting the exemption from reporting sustainability risks and opportunities for subsidiaries excluded from consolidated financial statements due to immateriality.

The Commission will now consider ESMA's opinion alongside opinions submitted by the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Central Bank (ECB), and other public bodies, with the aim of adopting the revised ESRS by way of a delegated act by summer 2026.

The first years of ESRS application will imply a learning curve for all parties, as the sustainability reporting framework undergoes substantive changes. ESMA will work with national competent authorities (NCAs) during this adjustment period to ensure proportionate and realistic supervision of sustainability reporting, achieved in a harmonised way. NCAs have the flexibility to adapt their supervisory approach to the current context, both in terms of the issuers and the disclosure areas they examine.

ESMA will also continue contributing to EFRAG's work on sustainability reporting, including the development of guidance, through its observer role in the Technical Experts Group and the Board.

7.0 ANTI-MONEY LAUNDERING LEGISLATION

7.1 AMLA publishes its Single Programming Document for 2026 – 2028

On the 6th of February 2026, the FIAU issued an update to inform stakeholders regarding the publication of the Single Programming Document (SPD) for 2026–2028, published by the Anti-Money Laundering Authority (AMLA), which consists of a multi-year work plan and programme, featuring AMLA's strategic priorities and timelines.

The SPD outlines the scheduled mandates for 2026 and details AMLA's strategic goals, structured around three key deliverables: completion of the EU AML/CFT Single Rulebook, enhancing supervisory convergence, and stronger cooperation between EU Financial Intelligence Units (FIUs).

This is reflected in the five activities outlined below, which will form the basis of AMLA's work in 2026 and will have a lasting impact across the full three-year period covered in the SPD:

- 1) Delivering on core regulatory mandates: The EU AML/CFT Single Rulebook will harmonise AML requirements across the EU, helping to eliminate regulatory gaps. In 2026, AMLA will deliver twenty-four of its forty mandates, prioritising those of highest relevance to the industry and those required to support its supervisory and FIU tasks.
- 2) Advancing direct supervision: From 2028, AMLA will directly supervise forty of the EU's most significant financial institutions,

with the first selection process planned for 2027. In 2026, AMLA will finalise the risk analysis and selection methodology for selecting obliged entities for direct supervision. It will also launch a data collection exercise to test the model and define procedures for the transfer of supervisory information from national competent authorities.

- 3) Operationalising the FIU framework: AMLA will strengthen cooperation and effectiveness among EU FIUs through enhanced coordination and joint analyses.
- 4) Laying the foundations for indirect supervision and oversight.

7.2 AMLA Public Consultations: Draft RTS on Article 28(1) of the AMLR, Article 19(9) of the AMLR, and Article 53(10) of the AMLD6

On the 13th of February, the FIAU issued an [update](#) to inform stakeholders that AMLA has launched open public consultations on three draft Regulatory Technical Standards (RTS) as follows:

- The Draft RTS on customer due diligence sets out the requirements and information to be collected for standard customer due diligence (CDD), simplified due diligence, and enhanced due diligence (EDD) purposes under Article 28(1) of the Anti-Money Laundering Regulation. The aim is to ensure that CDD measures are applied consistently across the EU. The consultation aims to further refine

the RTS, with a special focus on incorporating feedback from the non-financial sector into the final draft. An online public hearing on the draft RTS was also scheduled for the 24 March 2026.

- The Draft RTS on criteria for identifying business relationships, occasional and linked transactions, and lower thresholds, developed under Article 19(9) of the AMLR, seeks to ensure the consistent and proper identification of business relationships, occasional transactions, and linked transactions across the Union, thereby safeguarding the effective application of the AML/CFT framework and preventing the circumvention of thresholds for occasional transactions. It aims to ensure that heightened money laundering and terrorist financing (ML/TF) risks associated with occasional transactions are adequately mitigated. The criteria in this draft RTS apply to all obliged entities across both the financial and non-financial sectors.
- The Draft RTS on pecuniary sanctions, administrative measures, and periodic penalty payments sets out indicators for classifying the level of gravity of breaches, criteria to be taken into account when setting the level of pecuniary sanctions or applying administrative measures, and a methodology for the imposition of periodic penalty payments. It seeks to ensure that the same breach is assessed in the same way by all supervisors in all

Member States, and that the resulting enforcement measures are proportionate.

7.3 EU Commission Delegated Acts on High-Risk Third Countries

On the 19th of February 2026, the FIAU issued an [update](#) to bring to the attention of stakeholders the latest Delegated Acts of the European Union's (EU) Commission on High-Risk Third Countries, adopted by virtue of Delegated Regulations (EU) 2026/46 of 3 December 2025 and 2026/83 of 4 December 2025, both published in the Official Journal of the European Union (OJEU) on 9 January 2026.

By virtue of Delegated Regulation (EU) 2026/46, the list of countries in the Annex to Delegated Regulation (EU) 2016/1675 has now been revised. Point IV has been added, listing Russia in a new category of high-risk third countries which are not identified as being subject to calls for action or increased monitoring by the FATF, but whose membership in that international standard-setter is suspended.

Furthermore, by virtue of Delegated Regulation (EU) 2026/83, the list of countries in the Annex to Delegated Regulation (EU) 2016/1675 has also been revised. Bolivia and the British Virgin Islands have been added to the list of high-risk third countries which have provided a written high-level political commitment to address the identified deficiencies and have developed an action plan with the FATF. Burkina Faso, Mali, Mozambique, Nigeria, South Africa, and Tanzania have been removed.

To comply with Regulations 11(10) and 11(11) of the PMLFTR and Sections 8.1.1 and

8.1.3 of the FIAU Implementing Procedures Part I, where applicable, subject persons should also take note of the EU's consolidated list of high-risk third countries.

While the resulting EU lists of high-risk third countries present similarities with the FATF's own lists, subject persons should be aware that the two are not identical and that a country may be present on one list but not on the other.

7.4 FATF Targeted Report on Stablecoins and Unhosted Wallets – Peer-to-Peer Transactions

On the 4th of March 2026, the FIAU issued an [update](#) to inform subject persons that the Financial Action Task Force (FATF) has published a new report titled 'Targeted Report on Stablecoins and Unhosted Wallets – Peer-to-Peer Transactions'.

This report discusses illicit finance risks arising from criminals' misuse of stablecoins, especially through peer-to-peer (P2P) transactions via unhosted wallets. The stability, liquidity, and interoperability of stablecoins are meant for legitimate purposes but are still exploited by criminals, including state-linked cybercriminal groups, who use stablecoins for money laundering from cybercrimes and to fund proliferation.

The primary vulnerability arises because P2P transactions through unhosted wallets occur directly between individuals or entities without involving a regulated intermediary, such as a Virtual Asset Service Provider (VASP) or financial institution. Another weakness faced by stablecoin issuers is managing cross-chain activities, as transaction trails can become obscured.

Subsequently, the FATF encourages countries to fully implement Recommendation 15 of the FATF Standards to ensure that stablecoin issuers, intermediary VASPs, financial institutions, and other relevant participants in stablecoin arrangements are subject to clear AML/CFT obligations. The report also highlights good practices which jurisdictions and the private sector may adopt to mitigate the misuse of stablecoins. These include:

- Requiring stablecoin issuers to implement risk-based technical and governance controls, such as the ability to freeze, burn, or withdraw stablecoins in the secondary market, conduct customer due diligence at the redemption stage, and, where appropriate, restrict transactions to pre-approved addresses and block transactions involving high-risk addresses.
- Developing technical knowledge within supervisory and law enforcement authorities, including, for example, expertise in cross-chain transaction mechanics and blockchain analytical tools.
- Ensuring that competent authorities have the tools and legal frameworks necessary for both domestic and international cooperation; and
- Establishing public-private partnerships to enhance cooperation.

Lastly, the report also refers to case studies showing how new technologies and blockchain analytical tools have been used to detect and disrupt the misuse of stablecoins.

7.5 FATF Report on Understanding and Mitigating the Risks of Offshore Virtual Asset Service Providers (oVASPs)

On the 13th of March 2026, the FIAU issued an [update](#) to inform subject persons that the FATF has published a new report titled “Understanding and Mitigating the Risks of Offshore Virtual Asset Service Providers.

This report highlights how weaknesses in the oversight of offshore Virtual Asset Service Providers (oVASPs) are exploited to enable large-scale fraud, money laundering, and terrorist financing. Furthermore, it explores best practices for detecting, licensing or registering, supervising, and sanctioning non-compliant oVASPs.

Jurisdictions regulate oVASPs differently, thereby allowing criminals to exploit gaps while complicating authorities’ abilities to effectively supervise and cooperate internationally. This report describes methods used to obscure the movement of illicit proceeds, including dispersing victim funds across multiple addresses, routing transactions through layered intermediary wallets, and using multiple blockchains or bridges to enhance obfuscation.

It also focuses on how oVASPs have been used to convert illicit proceeds from scam compounds and to provide financial support to terrorist groups, and on how nested exchanges can be misused, allowing unlicensed oVASPs to deliberately misrepresent themselves as retail users to access services from a licensed VASP.

Lastly, the report also emphasises the importance for financial institutions and VASPs to assess their exposure to unlicensed or unregistered oVASPs, to

apply AML/CFT/CPF rules across all entities in their group, to ensure that no group entity operates as an oVASP outside regulatory oversight, and to refrain from establishing or maintaining business relationships with unlicensed or unregistered oVASPs.

7.6 MONEYVAL Report on Money Laundering, Terrorist and Proliferation Financing Risks from Conflict Proceeds

On the 16th of March 2026, the FIAU issued an [update](#) to inform subject persons that the Council of Europe’s anti-money laundering and counter-terrorist financing monitoring body, MONEYVAL has published a new typologies report entitled “Money Laundering, Terrorism Financing and Risks and Trends Linked to Proceeds Obtained Conflicts

This report examines how illegal proceeds which arise from regions affected by armed conflicts are laundered and used to finance terrorism and the proliferation of weapons of mass destruction. The report also identifies relevant patterns, trends, and vulnerabilities to strengthen the fight against money laundering, terrorism financing and proliferation, whilst enhancing international co-operation.

The report highlights how weakened state control and destabilised markets in conflict areas lead to environments susceptible to complex, interconnected criminal economies, where illicit proceeds are generated, laundered and reinvested in ways that promote violence and further destabilisation.

The report also explains how conflict areas enable criminals to exploit vulnerabilities in financial and regulatory systems by using complex schemes such

as shell companies, third country intermediaries and virtual assets to conceal the illicit origin, movement and purpose of funds.

7.7 AMLA launches Data Collection Exercise for the Financial Sector

On the 20th of March 2026, the FIAU issued an [update](#) to inform subject persons that AMLA has launched a data collection and testing exercise for the financial sector, marking a key step towards its future supervisory role. The reporting package, including the template, interpretative note, and supporting materials, is now available via the AMLA website.

This exercise will support the development and calibration of AMLA’s risk assessment models, which will be used to inform the selection of the 40 entities eligible for direct supervision and to promote a more consistent approach to AML/CFT risk assessment across the EU.

The entities selected for this exercise have already been notified. If you have not received any communication, this indicates that your organisation is not included. The reporting package comprises the reporting template and its interpretative note, together with links to the webinar and the presentation slides from the support session held on Friday, 13 March.

The deadline for submission is the 22 April 2026.

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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