

Delegation of Authorisation Framework

13 October 2023

1.0 Introduction

1.1 According to article 9(2) of the Malta Financial Services Authority Act (Chapter 330 of the Laws of Malta), the MFSA's Executive Committee ("ExCo") may delegate any of its functions and powers at law, subject to such conditions, term, duration and modalities as may be specified thereby, to the Chief Executive Officer, any one or more of the members of the ExCo, any one or more of the sub-committees established by ExCo, or a function of the Authority. Any decisions so made shall be approved by the Board of Governors ("BoG").

1.2 In terms of the abovementioned provision, ExCo has decided, with the BoG's approval, to delegate responsibility for the approval and issuing of licences and authorisations as outlined in the following section, subject to certain terms and conditions.

2.0 Delegation of Authorisation Framework

2.1 All licences and other authorisations issued by the MFSA have been categorised under one of the following: Tier 1A, Tier 1B, Tier 2 or Tier 3, as per the document made available [here](#). The allocation thereof is based upon an analysis carried out by the MFSA of the risks relating to each type of licence or other authorisation issued thereby in accordance with the applicable legislation.

2.2 The responsibility for the approval and issuing of licences and other authorisations falling under Tier 1A has been delegated to the relevant supervisory function, as represented by its Head and a Deputy Head acting jointly. For licenses and other authorisations falling under Tier 1B, the said responsibility has been delegated to the relevant supervisory function acting jointly with the Conduct Supervision function, each as represented by their Head. The responsibility for the approval and issuing of licences and other authorisations falling under Tier 2 has been delegated to the Regulatory Committee ("RegCo"). As for licences and other authorisations falling under Tier 3, the responsibility for the approval and issuance thereof remains with ExCo.

2.3 Notwithstanding paragraph 2.2, if a Head or Deputy Head, as applicable, responsible for the approval and issuing of a licence or other authorisation falling under Tier 1A or Tier 1B: (i) is absent from work for a period of more than five consecutive working days; or (ii) declares an interest, be it a conflict of interest or otherwise, in relation to the approval and, or the issuing of a particular licence or other authorisation; or (iii) the position of the said Head or Deputy Head is vacant, the Chief Officer

Supervision (“CoS”), shall be responsible for the approval and issuing of such licence or other authorisation in their stead.

2.4 Notwithstanding paragraph 2.2, if a Head and, or Deputy Head, as applicable, is of the view that the approval and issuing of a particular licence or other authorisation falling under Tier 1A or Tier 1B involves the approval of a complex business model, it shall refer the matter to RegCo for its determination thereon.

2.5 Notwithstanding paragraph 2.2, if a Head, Deputy Head and, or the CoS, being responsible for the approval and issuing of a licence of authorisation as mentioned above, consider that an applicant does not meet the requirements for licensing or authorisation, they shall refer the matter to RegCo for its determination thereon. If RegCo too considers that an applicant does not meet the requirements for licensing or authorisation, it shall refer the matter to ExCo for its determination thereon. Likewise, where RegCo is responsible for the approval and issuing of a licence of authorisation as mentioned above and it considers that an applicant does not meet the requirements for licensing or authorisation, it shall refer the matter to ExCo for its determination thereon.

2.6 The responsibility for the approval of persons requiring the Authority’s approval, except for shareholders of an entity licensed or otherwise authorised by the Authority, has been delegated to the relevant supervisory function, as represented by its Head and a Deputy Head acting jointly. The foregoing is subject to the same exceptional circumstances set out in paragraph 2.3 whereby the CoS shall be responsible for the approval and issuing of a particular licence or other authorisation instead of the said Head or Deputy Head. Notwithstanding the foregoing, if a Head, Deputy Head and, or the CoS, where applicable, consider that an applicant does not meet the requirements for approval, they shall refer the matter to RegCo for its determination thereon. If RegCo too considers that an applicant does not meet the requirements for approval, it shall refer the matter to ExCo for its determination thereon.

2.7 The responsibility for approvals and changes in shareholdings in entities licensed or otherwise authorised by the Authority has been delegated as follows:

- i. The responsibility for approvals of and changes in shareholdings held in an entity holding a licence or other authorisation from the Authority that are equal to or exceed 50% of that entity’s capital or voting rights, or result in a change in control of the entity, has been delegated in accordance with the above delegations,

depending on which Tier the licence or other authorisation held by the entity in question falls under.

- ii. The responsibility for approvals of and changes in shareholdings held in an entity holding a licence or other authorisation from the Authority that are less than 50% of that entity's capital or voting rights, and do not result in a change in control of the entity, has been delegated in accordance with the delegation applicable with respect to licences and other authorisations falling under Tier 1A, and this irrespective of which Tier the licence or other authorisation held by the entity in question falls under.

The above may be amended from time to time to reflect *inter alia* any changes in the applicable legislation and any delegations made in terms of article 9(2) of the Malta Financial Services Authority Act (Chapter 330 of the Laws of Malta).

Malta Financial Services Authority

Triq L-Imdina, Zone 1

Central Business District, Birkirkara, CBD 1010, Malta

communications@mfsa.mt

www.mfsa.mt