

3 April 2025

Circular on the Requirements Pertaining to the Reporting Requirements Emanating from Regulation (EU) 2019/2033 (“IFR”)

1. Background

On 26 June 2021, the Investment Firms Regulation and Directive (the “IFR” and “IFD” respectively together “IFRD” or “the IFRD package”) became applicable. The MFSA created [a section on its website](#) dedicated to the IFRD package circulars.

The IFRD package brought about changes in the reporting of these entities. This new way of reporting required investment firms to take the necessary measures to ensure that they are able to submit the relevant EBA Annexes in XBRL format. The Authority also published the naming convention and the relevant EBA reporting framework for the investment firms to adhere to.

In addition to the reporting requirements emanating from the IFRD package, investment firms are also required to submit the MiFID Firms Quarterly Reporting. The frequency of this reporting depends on the Class of the investment firm. On 30 June 2023 a [Circular](#) was issued to inform investment firms of the naming convention relating to the MiFID Firms Quarterly Reporting and that of the audited financial statements.

2. EBA Taxonomy Framework 4.0

The following information should be read in conjunction with the [Investment Firms Regulation – 2019/2033](#), its provisions and any regulations issued thereunder, including but not limited to the [Regulation \(EU\) 2021/2284](#), its Annexes, all templates, and instructions. Consideration should also be given to [Regulation \(EU\) 2024/1623](#) (‘the CCR3’), to [Implementing Technical Standards on supervisory reporting changes related to CRR3/CRD6 in step 1](#), and to the [Implementing Technical Standards on reporting and disclosures for investment firms](#).

The European Banking Authority will be deploying Framework version 4.0 and will be applicable from reference date March 2025. Given the linkage between the Implementing Technical Standards (the ‘ITSs’) on supervisory reporting and disclosures for investment firms and the ITS on supervisory reporting for credit institutions, minor changes were made to reflect the updates to the CRR3/CRD6. The updated framework includes changes that will impact Class 2 investment firms, including:

- **Minor amendments to the EBA Investment Firms Reporting templates:** Due to the changes in CRR3/CRD6, the EBA Investment Firms Reporting templates were updated to cater for instances such as the changes in templates, and the effect of updates to the CRR3/CRD6 to investment firms. The amendments are explained in more detail below:

| | |
|---|--|
| <p>Reporting on the RtM K-factor requirement determined on the basis of K-NPR (market risks)</p> | <p>The update clarifies that Class 2 investment firms reporting details on the own funds requirements in the same templates for the standardised and internal model approaches as for credit institutions are to keep using the previously applicable reporting requirements.</p> |
| <p>Counterparty credit risk and CVA</p> | <p>Investment firms who make use of the derogation to apply the CRR framework in parts or in its entirety to the applicable exposures to determine K-TCD in accordance with Article 25(4) and (5) of the IFR are impacted by the changes in templates C34.02 and C25.00.</p> <p>Given that investment firms do not have to comply with the output floor requirements, investment firms should not report this information.</p> <p>In addition to the above, CVA risks reporting templates were renumbered from C 25.00 to C 25.01, in response to the changes in CRR3.</p> |
| <p>Technical Amendments</p> | <p>Other changes to the reporting templates include the removal of Croatian Kuna currency.</p> <p>Finally, the minimum precision requirements for the reporting have been relaxed through an update to Article 8 of the ITS on investment firms reporting and disclosures.</p> |

- **Change in the file naming convention:** The transition to Framework version 4.0 requires class 2 investment firms to use a new file naming convention as follows:

| | |
|---------------------------|--|
| Consolidated Basis Return | DUMMYLEI123456789012.CON_MT_IF010300_IFCLASS2_2025-03-31_20241211135254300 |
| Individual Basis Return | DUMMYLEI123456789012.IND_MT_IF010300_IFCLASS2_2025-03-31_20241211135254300 |

Through the updated file naming convention, Class 2 investment firms shall now make reference to '**_IF010300_**' as opposed to the previously used '**_IF010200_**'.

Investment Firms are being reminded that the Authority is currently only accepting submissions in XBRL-XML format.

IT Solutions and Reporting Templates

To facilitate compliance, the EBA has made available IT solutions including reporting instructions on its [website](#).

Technical Package

The technical package for this framework release is available on the [dedicated EBA website](#). It provides standard specifications and includes the validation rules, the Data Point Model (DPM), Filing rules and the XBRL taxonomies.

Validation Rules

Investment Firms are kindly requested to note the EBA's most [recent publication list of validation rules](#), and are reminded about their responsibility to update their internal data processes accordingly.

3. Testing and Submission of IFR EBA Returns

Whilst carrying out reviews of returns and interactions with the investment firms, it was noted that on certain occasions, investment firms encountered errors when uploading the relevant EBA XBRL submission on the LH Portal.

Before submitting returns on the live environment, investment firms are urged to first ensure that the submission can be successfully submitted without any errors on the MFSA's test

environment. Individuals in charge of submissions can create a test account through this [link](#). Once a test account is created, kindly request access to the “Securities & Markets – IFR EBA Return” project by sending an email communication to investmentfirms@mfsa.mt. The account will then be validated and test files can be submitted by selecting the “file upload” section.

This procedure shall ensure that error messages on the live environment are avoided.

Whilst keeping in mind the change in the file naming convention for Class 2 Investment Firms as highlighted in section “EBA Taxonomy Framework 4.0” above, reference should be made to the Authority’s [Circular](#) dated the 16th of December 2022, specifically to sections “XBRL File Naming Convention” and “Zip File Naming Convention” for an understanding of how file names are structured; and to sections “File Upload Checks” and “Submissions to EBA” for an understanding of the submission process to the EBA.

Upon submission, irrespective of whether the EBA XBRL Return is accepted or otherwise, investment firms are also reminded to duly check and rectify warnings highlighted in the EBA validation report. Kindly refer to the Authority’s [Circular](#) dated 22 January 2024.

4. Submission of IFR EBA Returns

The Authority would like to remind investment firms of the requirements emanating from the [Commission Implementing Regulation \(EU\) 2021/2284](#). It is being noted that not all investment firms are resubmitting the EBA XBRL reporting when the figures of the audited financial statements divert from those already submitted.

As outlined in the [Dear CEO letter dated 21 November 2024](#), investment firms are to resubmit the EBA returns when the audited figures deviate from the submitted unaudited figures, as per Article 2(4) of the abovementioned Commission Implementing Regulation, which states that *“investment firms may submit unaudited figures. Where audited figures deviate from submitted unaudited figures, the revised, audited figures shall be submitted without undue delay.”*

Kindly ensure that when such divergence takes place, the EBA XBRL reporting is duly resubmitted, in line with [EBA/GL/2024/04: Guidelines on resubmission of historical data under the EBA reporting framework](#) referred to in Rule R1-4.2.2 of Part BI: Rules applicable to Investment Services Licence Holders which qualify as MiFID Firms .

When firms deem that the resubmission post audit is not merited, an explanation is to be provided to the Authority on investmentfirms@mfsa.mt accordingly.

5. Disclosure by Investment Firms

In accordance with Part six of the IFR, investment firms are required to make the necessary disclosure in relation to the below areas:

1. Risk management objectives and policies;
2. Governance;
3. Own funds;
4. Own funds requirements;
5. Remuneration policy and practices;
6. Investment policy; and
7. Environmental, social and governance risks.

We note, however, that not all investment firms are adhering to this requirement.

As per Article 46(4) of the IFR, investment firms may determine the appropriate medium and location to comply effectively with the disclosure requirements referred to in paragraphs 1 and 2 of Article 46 of the same regulation. Specifically, investment firms other than Class 3 shall publicly disclose the information outlined in Part Six of the IFR on the same date as they publish their annual financial statements. Class 3 investment firms which issue Additional Tier 1 instruments shall publicly disclose the information set out in Articles 47, 49, and 50 of the IFR on the same date as they publish their annual financial statements. All disclosures shall be provided in one medium or location, where possible. If the same or similar information is disclosed in two or more media, a reference to the synonymous information in the other media shall be included within each medium.

6. Naming Convention – MiFID Firms Quarterly Reporting

During our reviews, we noticed that not all investment firms are adhering to the naming convention when it comes to the submission of the MiFID Firms Quarterly Reporting.

Investment firms are encouraged to review the [Circular](#) dated 30 June 2023, section titled “LH Project Name: Investment Firms Reporting” where the naming convention is explained.

7. Conclusion

The Authority encourages investment firms to consider the updates in this Circular alongside other relevant guidance and rules, including but not limiting to the Circulars previously issued pertaining to the subject matters above, as well as Part BI: Rules applicable to Investment Services Licence Holders which qualify as MiFID Firms and address any potential gaps in their reporting procedures.

Should there be any queries in relation to the contents of this Circular, please do not hesitate to contact the Investment Firms Team within the Investment Services Supervision on investmentfirms@mfsa.mt.