

20 March 2020

Timing of regulatory reporting due to the outbreak of COVID-19

As outlined in previous communications, the MFSA expects regulated firms to take all reasonable measures in order to have appropriate contingency plans in place to be able to deal with any eventuality relating to the outbreak of COVID-19.

At the same time, the MFSA is aware of the increasingly difficult conditions being faced currently, and presumably to be faced in the immediate future, by licensed entities in effectively responding to unprecedented challenges in terms of ensuring operational continuity, whilst also adhering to their regulatory obligations.

Considering the significant effects of the COVID-19 situation on the financial services sector, the MFSA considers it necessary and proportionate to apply flexibility in the applicable deadlines for the submission of regulatory reporting falling due over the next months.

In general, the MFSA will be accepting a delay from the reporting deadline for some of the submissions/publications falling due by March or April 2020. The MFSA is not inclined to accept a delay for submissions/publications due by May or June but, based on its ongoing assessment of the situation, it will consider such, at a later stage, if warranted. This is further explained in the dedicated sections below.

The MFSA continues to maintain a close dialogue with the Central Bank of Malta, European Supervisory Authorities, as well with the European Central Bank and its positions are subject to developments and guidance provided within those fora. If circumstances of the case so warrant, the MFSA also reserves the right to exceptionally take a more restrictive approach to the accepted delays from that outlined.

The MFSA's position is aimed at striking the right balance between providing the necessary relief to licensed entities, whilst maintaining its objective of ensuring the protection of markets and consumers/investors. The MFSA's approach, in fact, is to allow a limited delay in the submission of information required in terms of the applicable legal and regulatory framework. No requirements will be waived or disapplied.

The MFSA continues to monitor the situation and in case of developments at local or EU level having an impact on this approach, the MFSA will inform the public of the adjusted approach as soon as possible.

Licensed entities should nevertheless report to the MFSA any material information relevant to their financial position immediately upon becoming aware.

Capital Markets

For the reporting requirements applicable in the area of capital markets:

- Guarantors of Listed Companies – Annual Audited Financial Statements

The MFSA will consider granting an extension for next publications which are due four months after the end of each financial year following an official request received by the MFSA explaining the exceptional circumstances and on a case-by-case basis.

- Listed Companies - Financial Analysis Summary

The MFSA will grant an extension of two months for next publications which are due by two months after the publication of the audited financial statements.

Issuers and Sponsors are still expected to act on a best effort basis to provide the market with the best available information, including projections.

Issuers are expected to periodically reassess the impact of current events and should there be need to communicate further updates to the public, issuers are expected to do so immediately, and without delay.

Credit Institutions

For the reporting requirements applicable to credit institutions:

- Audited Annual Financial Statements, Management Letter

The MFSA is inclined to grant an extension for next submissions due by March or April 2020 following an official request received, and on a case-by-case basis.

- Payment accounts with basic features

The MFSA will be allowing all entities in scope, two months for completion of the Q1 submission.

Financial Institutions

For the reporting requirements applicable to financial institutions:

- Audited Annual Financial Statements, Management Letter

The MFSA will consider granting an extension for next submissions due by March or April following an official request received, and on a case-by-case basis.

Insurance and Reinsurance Undertakings

For all supervisory reporting and public disclosure requirements under Solvency II, any extensions would only be entertained in line with direction provided by EIOPA to ensure consistent supervisory approaches. EIOPA has already signaled its intention to allow flexibility and should be providing more details in the coming days.

For the other reporting requirements applicable to insurance undertakings:

- o Conduct-related data return for Insurance Undertakings

The MFSA is not inclined to grant an extension for next submissions due by June but may exceptionally consider. The information is needed in order to report to EIOPA regarding complaints and financial innovation.

Insurance Intermediaries

For the reporting requirements applicable to insurance intermediaries:

- o Audited Financial Statements

The MFSA is hereby granting an extension of two months to all entities in scope for next submissions due by March or April 2020.

- o Management Accounts and Compliance Statements

The MFSA is hereby granting an extension of two months to all entities in scope for next submissions due by March or April 2020.

Pensions

For the reporting requirements applicable to retirement pensions:

- o Schemes – Audited Annual Financial Statements, Management Letter and Auditor’s Report

The MFSA is hereby granting an extension of two months to all entities in scope for next submissions due by March or April 2020. The MFSA would not be inclined to grant an extension for next submissions due by May or June as it considers it premature to contemplate this deadline at this stage.

- o Service Providers – Audited Annual Financial Statements

The MFSA is hereby granting an extension of two months to all entities in scope for next submissions due by March or April 2020.

- o Service Providers - Interim/Annual Financial Return

The MFSA is hereby granting an extension of two months to all entities in scope for next submissions due by March or April 2020.

Investment Firms

For the reporting requirements applicable to investment firms:

- Category 1-4 (excluding credit institutions) - Annual Report, Audited Financial Statements, COREP Return, and Management Letter, Circularisation Exercise Report)

The MFSA is ready to accept next submissions due by March or April up to two-months from the reporting date following an official request received, and on a case-by-case basis.

- Recovery Plans and High-Income Earners under the CRD package

The MFSA is not inclined to grant an extension for next submissions due by April and June respectively but may exceptionally consider.

- Recovery Plan Confirmation for Local Firms

The MFSA is not inclined to grant an extension for next submissions due by April 2020 but may exceptionally consider.

- System Certification Confirmation

The MFSA is not inclined to grant an extension for next submissions due by June as it considers it premature to contemplate this deadline at this stage.

- Conduct-related data return for Investment Firms

The MFSA is not inclined to grant an extension for next submissions due by May but may exceptionally consider. The information is needed in order to report to ESMA regarding complaints and retail investor trends.

- Survey on cross-border activities by Investment Firms

The MFSA is not inclined to grant an extension for next submissions due by (25) March 2020 but may exceptionally consider in close coordination with ESMA. This survey forms part of ESMA's thematic review as part of its supervisory convergence initiatives.

Investment Funds and Fund Managers

For the reporting requirements applicable to investment funds:

- UCITS and UCITS ManCos, AIFs and AIFMs - Annual Report, Audited Financial Statements, Interim/Annual Financial Return, Management Letter and confirmations

The MFSA is ready to accept next submissions due by March or April 2020 up to two months from the reporting date following an official request received, and on a case-by-case basis.

- Professional Investor Funds – Annual Report, Audited Financial Statements, Management Letter, Custodian Report, Auditor’s Confirmation, SRO Declaration

The MFSA is hereby granting an extension of two months to all entities in scope for next submissions due by March or April 2020.

- Recognised Persons (RFAs, RICCs, PCIS), De Minimis AIFMs – Annual Report, Audited Financial Statements, Auditor’s Report, Audited Financial Return, Management Letter, Board Confirmation, Auditor’s Confirmation.

The MFSA is hereby granting an extension of two months to all entities in scope for next submissions due by March or by April 2020.

- De Minimis AIFMs, AIFMs, UCITS ManCo - Annex V Return, Self-Assessment Closet Indexing

The MFSA is not inclined to grant an extension for next submissions due by March or by April 2020 but may exceptionally consider.

- Survey on UCITS liquidity risk management

The MFSA is not inclined to grant an extension for next submissions due by (6) April 2020 but may exceptionally consider in close coordination with ESMA. This survey forms part of ESMA’s Common Supervisory Action on Liquidity Risk Management.

Trustees¹ and CSPs

For all requirements emanating from EU law (primarily in relation to reporting of trusts beneficial ownership information in accordance with the 5th AMLD), these have been introduced to ensure adequate, accurate and up-to-date data in the register of beneficial owners and the MFSA will continue to apply the requirements and their timelines.

For the other requirements applicable to Trustees and CSPs:

- o Trustees/ CSPs – Audited Annual Financial Statements

The MFSA is hereby granting an extension of two months to all entities in scope for next submissions due by March or by April 2020.

- o Trustees/ CSPs – Annual Compliance Return

The MFSA is not inclined to grant an extension for next submissions due by March or by April 2020 but may exceptionally consider.

- o CSPs – Statement of Solvency

Most individual CSPs have submitted their Statement of Solvency for 2020. The MFSA will continue requiring these submissions.

Contacts:

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For Trustees and CSPs: csu@mfsa.mt

¹ For the sake of clarity, the term 'trustees' collectively refers to all persons authorised or registered in terms of the Trusts and Trustees Act, including administrators of private foundations and persons authorised to act as mandataries.