

11 December 2020

MFSA releases its Guidance on Technology Arrangements, ICT and Security Risk Management, and Outsourcing Arrangements

Following a comprehensive [consultation](#) process, the Malta Financial Services Authority ('MFSA' or 'the Authority') has today issued its principle-based cross-sectorial guidelines titled: [Guidance on Technology Arrangements, ICT and Security Risk Management, and Outsourcing Arrangements \('the Guidance document'\)](#) supplemented by a consultation [Feedback Statement](#).

The Guidance document, which draws primarily from European Supervisory Authorities' (ESA) guidelines, considers technology as a core component, innovation enabler and a major determinant for operational efficiency whilst underlining the importance of resilience and regulatory compliance. It has been welcomed and attracted substantial feedback. The Authority reviewed the feedback received and the outcome of the feedback review process is provided within the accompanying [Feedback Statement](#).

The Authority plans to conduct thematic reviews on a sectoral basis on key aspects of the Guidance document, which will be cross-referenced by the respective prudential rules of the applicable sectors along with ESA Guidelines (where applicable), as illustrated in Annex 1.

All queries and request(s) for further information should be addressed to sirc@mfsa.mt.

Annex 1 - Table with details of respective Prudential Supervision Rulebooks that will be amended to cross-reference ESA Guidelines and the Guidance document:

Sector	Amended Rule/Cross-reference to ESA Guidelines and the Guidance Document
Credit and Financial Institutions	<ul style="list-style-type: none"> <li data-bbox="855 539 1410 680">i. Annex 2B of BR/12, Paragraph 17 (cross-reference to the EBA Guidelines on ICT and Security Risk Management). <li data-bbox="855 712 1214 748">ii. BR/14, Paragraph 5A <li data-bbox="855 779 1410 920">iii. FIR/02, Paragraphs 48 and 48A (cross-reference to the EBA Guidelines on ICT and Security Risk Management).
Insurance and Pensions	<ul style="list-style-type: none"> <li data-bbox="855 958 1410 1061">i. Paragraph 5.4.1 of Chapter 5 of Part B of the Insurance Distribution Rules. <li data-bbox="855 1093 1410 1160">ii. Paragraph 6.14.2 of Chapter 6 of Part B of the Insurance Rules. <li data-bbox="855 1191 1410 1258">iii. Paragraph 11.6.1 of Chapter 11 of the Insurance Distribution Rules. <li data-bbox="855 1290 1410 1393">iv. Standard Licence Condition 4.4.16 of the Pension Rules for Service Providers. <li data-bbox="855 1424 1410 1608">v. Standard Licence Condition 1.2.6 of Part B of the Pension Rules for Personal Retirement Schemes issued in terms of the Retirement Pensions act, 2011. <li data-bbox="855 1639 1410 1823">vi. Standard Licence Condition 1.2.11 of Part B of the Pension Rules for Occupational Retirement Schemes issued in terms of the Retirement Pensions act, 2011. <li data-bbox="855 1854 1410 1995">vii. Paragraph 6.14.1 of Chapter 6 of Part B of the Insurance Rules (amended to adopt the Guidelines on outsourcing to cloud service

	<p>providers and the Guidelines on information communication technology security and governance).</p>
<p>Securities and Markets</p>	<ol style="list-style-type: none"> i. The Financial Market Rules will be amended to cross-reference the Guidance document. ii. Section 6 of Chapter 3 Title 6 – Supplementary Organisational Requirements (cross-reference to the EBA guidelines on ICT and Security Risk management) iii. Self-Managed UCITS: Section 2 of Appendix VIII - Supplementary Licence Conditions Applicable to Self-Managed Schemes to Part B of the Investment Services Rules for Retail Collective Investment Schemes. iv. Self-Managed PIFs: Section 4 of Appendix I to Part B of the Investment Services Rules for Professional Investor Funds - Supplementary Licence Conditions applicable to PIFs set up as Self-Managed Schemes. v. Self-Managed AIFs: Section 8 of Appendix I to Part B of the Investment Services Rules for Alternative Investment Funds - Supplementary Licence Conditions applicable to Alternative Investment Funds adopting different structures. vi. Recognised Persons: Section 2 of Part BI of the Investment Services Rules for Recognised Persons. vii. Investment Firms: Title 2 of Chapter I of Part BI of the Investment Services Rules for Investment Services Providers

	<ul style="list-style-type: none"> viii. UCITS Mancos: Title 2 of Chapter I of Part BII of the Investment Services Rules for Investment Services Providers. ix. AIFMs: Section 2 for De-minimis and Section 1 for full AIFMs of Part BIII of the Investment Services Rules for Investment Services Providers. x. Custodians: Section 1 of Part BIV of the Investment Services Rules for Investment Services Providers.
Trustees and other Fiduciaries, Company Service Providers	<ul style="list-style-type: none"> i. The respective cross-referencing will be made available in the new version of the Rules for Company Service Providers and the new Rulebook for Trustees.
Virtual Financial Assets	<ul style="list-style-type: none"> i. The Virtual Financial Assets Rulebook Chapter 3 – Virtual Financial Assets Rules for VFA Service Providers.