

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

News Release

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Inter-regulatory collaboration between the MFSA and other local and foreign entities reinforced through additional memoranda of understanding

In the past few months the Legal and International Relations Unit has successfully concluded on behalf of the MFSA a number of memoranda of understanding (MoUs) with both foreign and local regulatory and supervisory authorities, namely the Central Bank of Cyprus, the Bermuda Monetary Authority, the Office for Fair Competition in Malta and a multilateral memorandum of understanding (MMoU) with financial supervisory authorities, central banks and finance ministries of the European Union. These memoranda add on to the growing list of both bilateral and multilateral memoranda of understanding that have been signed in the past years.

As part of its functions the MFSA is legally required by law to regulate, monitor and supervise financial services in Malta, to promote the general interests of consumers of financial services and to promote fair competition practices. The Authority is also required to investigate allegations of practices and activities detrimental to consumers of financial services and to suppress and prevent such activities. In a globalised world these functions can very often only be effectively achieved through increased regulatory and supervisory cooperation across national borders. Memoranda of understanding between regulatory and supervisory authorities facilitate such cooperation and create a formal framework for the exchange of information and regulatory assistance.

However MoUs are at times also useful between national regulatory authorities, and indeed the MoU between the MFSA and the Office for Fair Competition, signed on the 2nd June 2008, is intended to help these entities to more effectively administer their respective regulatory duties. It is important to highlight that both in a local

context or in a cross-border context the lack of an MoU between different entities is not always a bar to collaboration between them. Very often authorities do collaborate between themselves even where an MoU is not in place.

The first of the recent international MoUs was signed with the Central Bank of Cyprus (CBC) on the 29th May 2008. The CBC is the competent authority for the licensing and supervision of banks in Cyprus, and the MoU is primarily intended to facilitate cooperation in the supervision of cross-border establishments of credit institutions. The MoU between the MFSA and the Bermuda Monetary Authority (BMA) was signed a few days later, on the 3rd June 2008, and is more wide-ranging in scope than the MoU with the CBC. The BMA has statutory responsibility for the supervision and regulation of financial institutions, investment business and investment funds, insurance business, money service business and trusts in Bermuda.

The MMoU between the financial supervisory authorities, central banks and finance ministries of the European Union, of which the MFSA is also a signatory, has entered into force on the 1st June 2008. The objective of this MoU is that of enhancing cooperation between the authorities that need to be involved in the management and resolution of a financial crisis, both in normal times – in order to ensure preparedness for crisis situations – and, most importantly, in actual crisis situations.

A list of MMoUs, MoUs and Protocols to which the MFSA is a party can be viewed from the MFSA website on www.mfsa.com.mt, by clicking on the “Memoranda of Understanding” section.