



MiCA/PSD2 Interplay MFSA Approach

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MFSA

Agenda

- i. Context
- ii. Internal Assessment
- iii. Outreach
- iv. Implementation
- v. Lessons learnt

Context

- ✓ MFSA is an integrated regulator supervising all financial services in Malta
- ✓ One supervisory function responsible for both MiCA and PSD2 for non-bank financial institutions
- ✓ Mature VASP ecosystem due to VFA framework since 2019
- ✓ MiCA grandfathering extended to June 2026
- ✓ By June 2025 4 CASPs licenses already issued under MiCA, with another 22 CASP applications in the pipeline

While the decision making was faster, the pressure was intense because of the authorisation pipeline (which doubled) and the tight deadlines

Internal Assessment

- i. Mapping of services MiCA-PSD2
- ii. What partnership with a PSP actually means in practise
- iii. Gap analysis of MiCA/PSD2 authorisation
- iv. Scoping of CASP/VASP landscape

MiCA / PSD2 Service Mapping

MiCA	PSD2
Custody of EMTs where clients are allowed to send and receive EMTs	Operation of a payment account
Transfer of crypto-assets entailing EMTs	Execution of payment transactions

Partnership Assessment Findings

- CASP entering into an outsourcing agreement with a PSP
- CASP acting as an agent of the PSP
- CASP as the client of a PSP
- CASP as the client of an agent of a PSP

Since EMTs are crypto-assets under MiCA, any PSP providing custody services would itself require a CASP authorisation, creating a circular compliance requirement that renders the EBA's partnership option impractical.

Conclusion: the only way that will work with certainty is for CASPs to be licensed as PI/EMI. Views shared with EBA SGPS, ESMA DFSC and other NCAs.

Gap analysis MiCA/PSD2 authorisation

The MFSA undertook a gap analysis between:

- Article 62 of MiCA and Article 5 of PSD2
- The EBA Guideline on authorisation in terms of PSD2 and the MiCA Article 62 RTS on information to be included in an application for authorisation.

A simplified authorisation process can be followed insofar as the CASP does not intend to provide additional payment services and limits the licensable services only to those activities which are purely required to address the MiCA/PSD2 overlap. Anything above this baseline would require deeper assessment.

Gap analysis MiCA/PSD2 authorisation

- Information gaps identified need to be requested from applicants.
- Any other information required in terms of PSD2 does not need to be re-submitted, provided that there are no changes to the information submitted as part of the CASP authorisation, confirmed in writing through a BOD declaration.

For simplified authorisation, a special focus was placed on the CASP's compliance with the following :

- Increased knowledge at Board level
- Increased focus on compliance function due to 2 regulatory frameworks
- Cumulative prudential requirements and supervisory fees
- Compliance with Titles III and IV of PSD (in consultation with CBM)

CASPs/ VASPs potentially in Scope

Assessment of business models/services of CASPs/Applicants to assess the potential impact on the authorisation pipeline so that we could plan more effectively.

- Does the CASP provide transfer services in relation to EMTs?
- Do such transfer services occur exclusively when the CASP intermediates the purchase of a crypto-asset / EMTs (e.g. execution of orders, RTO etc)?
- Can clients deposit/withdraw EMTs in their wallets?

Initial analysis confirmed that around 80% of CASPs/Applicants would potentially need a PI licence. by 2 March 2026

Other Considerations

- ✓ Potential impact on supervisory fees, as there is a variable fee calculated on transaction volume, both for CASPs and Pls, potential for double counting
- ✓ Potential FI rulebook requirements conflicting with MiCA requirements. Eg. Possible divergencies in outsourcing expectations for Pls and CASPs.
- ✓ Impact on reporting obligations as such entities would be obliged to report separately under two reporting frameworks.

Outreach

Continuous outreach with CASPs / Applicants and VASPs to share MFSA assessment, licensing approach and MFSA expectations.

1 July 2025 – letter to BOD

Signalling interplay MiCA/ PSD2, notifying entity needs to get an FI licence by 2 March 2026. Entity identified as potentially in scope, outlining licencing approach being adopted for those applicants wishing to undertake payment services limited solely to those services related to the MICA / PSD2 overlap.

- Confirm that they are in scope
- Confirm that they will apply for “limited services”
- Information on the progress made in preparation for the PSD2 application process, including planned changes to the governance structure and compliance function of the entity.

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Outreach

31 July 2025 - VFA forum	Forum with the whole sector to discuss the MiCA/ PSD2 Interplay and options available
5 August 2025 – letter to BOD	Requesting for a declaration describing the concrete plans of how the entity intends to comply with the MiCA/PSD2 overlap by no later than 30 August 2025. In this regard, the Entity was asked to confirm its intention to: • apply for a “limited services” financial institutions licence; or • enter into a partnership (supported by an independent legal assessment); or • re-structure its operations and/or legal structure (merger)
22 September 2025 – letter to BOD	Letter included details with respect to the “limited services” authorisation process. The deadline for submission was 1 November 2025

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Outreach

24 September 2025 –VFA forum	Forum outlining application process. Discussing partnership challenges and mergers which are also possible but usually take more time.
25 February 2026 – Letter to BOD	Following the issue of EBA opinion on the end of transition period (12/02/2026), letter sent to CASPs which were deemed to fall in the second scenario, stating the entity was required to cease all marketing activities related to EMTs, and does not provide new clients with EMT related services. Entities were also requested to submit to the Authority, by no later than 2 March 2026, a detailed plan outlining the measures they have implemented, or that they intend to implement, to ensure full adherence to the above-mentioned points.

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Implementation

Decision to prioritise pipeline for PI authorisation ~ PI license would be useless without a CASP license first.

Batch 1:
CASP already
licensed

Batch 2:
Active VASPs
with ongoing
MiCA application

Batch 3:
Inactive VASPs &
new CASPs
applicants

**Earlier deadline for response and submission of
documentation**

Implementation

- ✓ The plan turned out to be very effective.
- ✓ All CASPs/applicants that were in scope decided to apply for an PI license for “limited services”. Of course they can always decide to apply for an extension of license to offer additional services at a later stage.
- ✓ Most entities with a CASP license also managed to secure a PI license by 2 March 2026
- ❖ 2 CASPs which did not get a license by the deadline were asked to restrict EMT related services as per EBA opinion (scenario 2) until PI license was issued.

Lessons learnt

Be proactive with your assessments and decide on a way forward, you cannot always wait for the issues to be clarified, or for deadlines to be postponed

Communicate with the stakeholders ~ Internal, other Authorities, and most important the Market Players

Be very clear with your expectations, set deadlines for submissions of application documents

Prioritise the pipeline and focus on critical applicants



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Thank you

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