

# Consultation on the Proposed Establishment of a Framework for Aircraft Financial Leasing Companies

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**Closing Date:** 9 February 2026

NOTE: The documents circulated by the MFSA for the purpose of consultation are in draft form and consist of proposals. Accordingly, these proposals are not binding and are subject to changes and revisions following representations received from Licence Holders and other involved parties. It is important that persons involved in the consultation bear these considerations in mind.

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## 1. Introduction

In an aircraft financial leasing agreement, the lessor, or financier, leases the aircraft to the lessee, being the customer, while transferring substantially all risks and rewards associated with ownership in exchange for the lessee in return for lease payments. Although legal title to the aircraft remains with the lessor throughout the lease term, the lessee effectively bears the responsibilities and benefits of ownership. At the end of the lease, legal title may or may not be transferred to the lessee, depending on the contractual terms.

Financial leasing has become a prevalent and widely used financing mechanism in the aviation sector due to the capital-intensive nature of acquiring aircraft and aircraft engines. It enables airlines and operators to obtain long-term access to these high-value assets without the need for significant upfront expenditure, thereby preserving liquidity and supporting effective balance sheet management. For lessors, financial leasing provides a stable and predictable return on capital through lease payments, supported by the strong collateral value of aviation assets.

Currently, companies wanting to engage in aircraft financial leasing in respect of aircraft and/or aircraft engines in Malta must apply for a licence with the Authority, under the Financial Institutions Act, unless they qualify for an exemption as provided under Article 3A of the said Act.

Recognising the potential of aircraft financial leasing as a growth opportunity for Malta's financial services sector, the Malta Financial Services Authority ('MFSA'), in collaboration with the Malta Financial Services Advisory Council, is proposing to streamline the regulatory approach governing this specialised sector. The proposal aims to introduce a less onerous regulatory framework for entities involved in aircraft financial leasing with assets exceeding a prescribed threshold, offering a more practical, efficient and robust framework, within which firms can operate more effectively.

By virtue of this consultation document, the MFSA is inviting stakeholders' views on the general features of the framework and on the proposed draft legislative instruments intended to give effect to.

## 2. Main Features of the Framework for Aircraft Financial Leasing Companies

The main features of the proposed framework for companies carrying out aircraft financial leasing of aircraft and/or aircraft engines are set out below:

- i. Companies carrying out the activity of financial leasing of aircraft and/or aircraft engines would, under certain conditions, be exempt from the requirement to obtain a licence and be subject to a lighter regulatory regime. Accordingly, following the receipt of a complete notification package, within a defined timeframe, the MFSA shall add a given company seeking to provide these services to the List of Aircraft Financial Leasing Companies maintained by the MFSA within the Financial Services Register. Such companies would therefore have the regulatory status of 'Notified' persons.
- ii. It is being proposed that this framework is made available exclusively to companies **incorporated in Malta**, which **undertake exclusively** the activity of **aircraft financial leasing** and have assets amounting to **at least EUR 100 million** (or the equivalent in another currency), met through own funds or asset ownership, including aircraft and aircraft engines.
- iii. The due diligence assessment in relation to the aircraft financial leasing company would be performed by a third-party service provider – the **Due Diligence Service Provider** (DDSP). The DDSP would be responsible for ensuring that the company's beneficial owner(s), officials and, where applicable, service providers, meet high standards of fitness and properness both upon notification and on an ongoing basis. At this stage, the MFSA is proposing that Corporate Company Service Providers, licensed under the Company Service Providers Act excluding under-threshold CSPs, may be considered eligible to act as DDSPs. Eligibility would be subject to confirmation, to the satisfaction of the Authority, that they have adequate resources and expertise to fulfil their responsibilities effectively.
- iv. Consistent with the nature of the framework, it is proposed that companies included in the Financial Services Register as Aircraft Financial Leasing Companies would be subject to **limited ongoing requirements**, which should however incorporate a degree of regulatory reporting, including details of the jurisdiction where the company's clients are incorporated, operating branches or otherwise conducting business. All such requirements would be outlined in a dedicated Rulebook.

- v. Entities benefitting from this framework would be regarded as **subject persons for AML/CFT purposes** and would therefore be required to appoint an MLRO and comply with all AML/CFT applicable regulations and requirements.
- vi. Concurrently with the implementation of this regulatory framework, the MFSA is proposing to **retain the existing exemption** from the requirement to obtain a licence applicable to both aircraft and ship financial leasing under Article 3A of the FIA. As a result, companies which do not qualify under article 3A exemption, and which do not satisfy the conditions outlined in point ii. above must apply for a licence under the FIA to engage in aircraft financial leasing.

### 3. Legislative Amendments

The promulgation of the notification framework for aircraft financial leasing companies will require changes to the legislative framework. The MFSA has assessed the current regulatory framework to identify the required amendments. Whilst drafts of these proposals are attached to this consultation document, with the exception of the Regulations outlined in point iv. below<sup>1</sup>, an overview of the changes is being set out hereunder.

#### i. **Proposed Amendments to the 'Financial Institutions Act (Cap. 376)'**

Amendments are proposed by means of the attached Bill to introduce [i] an additional exemption for aircraft financial leasing further to that outlined in Article 3A; and [ii] empowering provisions for the Minister to issue relevant regulations.

#### ii. **Proposed Introduction of the 'Financial Institutions Act (List of Notified Aircraft Financial Leasing Companies) Regulations'**

The MFSA is proposing the enactment of a new subsidiary legislative instrument – the 'Financial Institutions Act (List of Notified Aircraft Financial Leasing Companies) Regulations' – to regulate the entities subject to this regime. This new subsidiary legislation under the Financial Institutions Act will establish the framework for aircraft financial leasing companies and set out its main features.

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<sup>1</sup> The amendments being proposed in point [iv] will be handled by the Financial Intelligence Analysis Unit (FIAU).

**iii. Proposed Amendments to the 'Financial Institutions Act (Fees) Regulations (S.L. 376.03)'**

By means of the amendments being proposed to these Regulations, the MFSA is seeking to introduce [i] a notification fee for companies requesting to be admitted in the List of Aircraft Financial Leasing Companies; and [ii] a renewal of notification fee, which is to be paid annually.

**iv. Proposed Amendments to the 'Prevention of Money Laundering and Funding of Terrorism Regulations (S.L. 373.01)'**

The FATF Recommendations and Directive (EU) 2015/849 set out which activities are to result in one being subject to AML/CFT obligations. Financial leasing is one such service, with no exception being made as to the asset being financed in this manner. Thus, any form of financial leasing, including aircraft financial leasing, should be carried out subject to adherence to AML/CFT obligations.

Paragraph (b) of the definition of "*relevant financial business*", under Regulation 2(1) of the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR) at present captures as relevant financial business "*any activity of a financial institution carried on by a person or institution who is for the time being licensed, or required to be licensed, under the provisions of the Financial Institutions Act*". This entails that the current definition would not capture as relevant financial business aircraft financial leasing as it is being proposed that this activity will be subject to notification rather than licensing under the Financial Institutions Act.

Accordingly, to ensure that local legislation is aligned with both the FATF Recommendations and Directive (EU) 2015/849, it is necessary to also ensure that any company submitting the necessary notification for admission to the List of Notified Aircraft Financial Leasing Companies is also captured as a subject person. As such, it is being proposed to widen the afore-quoted paragraph (b) to also make reference to any activity that has to be notified or is required to be notified under the Financial Institutions Act.

## 4. Rulebook

As mentioned in Section 2, the complete set of initial and ongoing requirements for companies admitted in the List of Aircraft Financial Leasing Companies kept by the Authority will form part of the Aircraft Financial Leasing Companies Rules. These rules will provide more detail and granularity beyond the high-level requirements reflected in the legislation subject to this consultation.

## 5. Way Forward

Any comments and feedback in relation to [i] the general features of the framework; and/or [ii] the proposed draft legislative amendments attached to this Consultation Document are to be submitted through the Government Portal. Feedback should be submitted by not later than **9 February 2026**.

The proposals set out in this consultation document and attached supporting documentation are not binding and are subject to changes and revisions following receipt of feedback from stakeholders.