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158, TRIQ IL-MERKANTI,
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MALTA

OFFICE OF THE FINANCIAL
SERVICES TRIBUNAL
MALTA MEDIATION CENTRE
158, MERCHANT STREET,
VALLETTA VLT 1176

Dr Ian Stafrace LL.D. Chairman
Dr. Nicholas Valenzia LL.D. Member
Mr. Joseph Azzopardi FCCA, FIA, CPA, MBA (Warwick) Member

FST 08/25

HOM Re Ltd

vs.

Malta Financial Services
Authority

Today 29th April 2026

The Tribunal

Having seen the application through which the Appellant Company submitted its appeal wherein it stated:

1. Introduction and Jurisdiction

1.1 Hom Re Limited (the *"Company"*) hereby lodges this Notice of Appeal against the decision of the Malta Financial Services Authority (the *"MFSA"* or the *"Authority"*) dated 11 November 2025 (the *"Decision"*), by which the MFSA imposed an administrative penalty of €5,000 on the Company for late submission of its audited financial statements for the financial year ended 31 December 2021.

1.2 This Appeal is brought pursuant to article 21 of the Malta Financial Services Authority Act (Chapter 330 of the Laws of Malta) (the *"MFSA Act"*), which confers jurisdiction on the Financial Services Tribunal (the *"Tribunal"*) to determine appeals from decisions of the MFSA imposing administrative penalties.

1.3 The Company understands that this Notice of Appeal is being filed within the period prescribed by law for appealing the Decision.

2. The Parties and the Decision Under Appeal

2.1 The Appellant is Hom Re Limited, an MFSA-approved debt issuance undertaking.

2.2 The Respondent is the Malta Financial Services Authority, constituted under the MFSA Act and acting in its supervisory and enforcement capacity.

2.3 The Decision under appeal is the MFSA's final decision dated 11 November 2025, imposing an administrative penalty of €5,000 on the Company for failure to submit its audited financial statements for the year ended 31 December 2021 within the statutory timeframe.

3. Factual Background

Operational disruption and exceptional circumstances (2020–2024)

3.1 From 2020 through early 2024, the Company's operations were severely disrupted by the COVID-19 pandemic and its consequences. Markets relevant to the Company's activities effectively shut down for a prolonged period, and the Company became largely inactive with minimal or no business being conducted.

3.2 During this period, the Company's Managing Director suffered a serious case of Long COVID, which had a significant and lasting impact on his health and ability to discharge his functions. This was compounded by further acute family health crises.

3.3 Simultaneously, the Company experienced a loss of its former directors without immediate replacements, and its principal place of business was relocated overseas. These developments caused substantial governance and administrative disruption and contributed to delays in the preparation and submission of regulatory filings.

3.4 The Company submits that these circumstances, taken cumulatively, were exceptional and far beyond its reasonable control.

Appointment of new leadership and remedial action

3.5 In or around January and March 2024, the Company appointed two new directors and a new company secretary. The new leadership immediately treated regulatory compliance as a priority and sought to regularise the Company's position.

3.6 In June 2024, the new management engaged proactively with the MFSA's Insurance Supervision Unit to clarify the Company's outstanding obligations. Following these discussions, the Company submitted its overdue audited financial statements for 2021, together with the audited accounts for 2022 and 2023 and other required filings.

3.7 In its written representations to the MFSA, the Company fully set out the circumstances that had caused the earlier delays, and explained the steps taken to restore good governance and ongoing compliance.

Enforcement steps and settlement process

3.8 On 6 September 2025, the MFSA issued a "Minded Imposing Penalty" letter alleging late filing of the 2021 audited financial statements and indicating its intention to impose an administrative penalty.

3.9 The Company responded within the period stipulated in the MFSA's enforcement policy, providing its written representations and supporting documentation, and explaining the reasons for the delay as well as the remedial measures implemented.

3.10 Following this response, the Company requested that the matter be resolved by way of settlement in accordance with the MFSA's Settlement Policy. Settlement discussions were opened with the Authority.

3.11 Those settlement discussions were conducted in good faith, but were ultimately terminated by the MFSA without agreement, as communicated in its notice of settlement termination.

3.12 Thereafter, the MFSA issued the Decision on 11 November 2025, imposing the full administrative penalty of €5,000.

4. Grounds of Appeal

The Company appeals the Decision on the basis that it is unfair, disproportionate and inconsistent with the MFSA's own policy framework and the principles of good administration. In particular:

- the MFSA failed properly to take into account the Company's exceptional mitigating circumstances.
- the MFSA failed to exercise its discretion consistently with its policy on non-material enforcement action and its Settlement Policy; and
- the MFSA imposed a penalty that is manifestly disproportionate in all the circumstances.

Each ground is elaborated below:

Ground 1: Failure to give proper weight to exceptional mitigating circumstances

4.1 The MFSA's policy on non-material enforcement action recognises that, although statutory deadlines must generally be respected, the Authority retains discretion to take account of *very exceptional cases* when determining whether and how to proceed with enforcement action.

4.2 The Company's situation between 2020 and early 2024 was extraordinary and not reflective of ordinary commercial difficulty or administrative oversight. The combination of:

(a) effective operational inactivity occasioned by the pandemic;
(b) the Managing Director's serious Long COVID and related family health crises;
(c) the abrupt loss of the Company's former directors and the resulting governance vacuum; and
(d) the relocation of its principal place of business overseas, constitutes a set of circumstances that, taken together, is plainly exceptional.

4.3 These matters were fully and candidly disclosed to the MFSA in the Company's written representations and in subsequent communications. They were supported by the Company's conduct in immediately regularising all outstanding filings once new management was in place.

4.4 In the Decision, the MFSA appears to have treated the Company's case as if it were a standard late-filing scenario, rather than acknowledging and reflecting the exceptional features outlined above. By declining to accord material weight to these mitigating factors, the Authority failed to exercise its discretion in accordance with its own policy and the principles of fairness and proportionality.

Ground 2: Inconsistent application of policy on extensions and non-material breaches

4.5 The non-material enforcement framework contemplates that the MFSA will not, as a general rule, grant extensions to statutory deadlines on a case-by-case basis, but recognises that there may be *very exceptional* situations in which it is appropriate to do so.

4.6 The Company's circumstances, as set out in section 3 above, plainly fall within the category of exceptional cases for which the MFSA reserves discretion to mitigate or waive the imposition of penalties. The Company respectfully submits that this is precisely the kind of situation for which that discretion exists.

4.7 Moreover, by the time the Decision was taken:

(a) the Company had already submitted the 2021, 2022 and 2023,2024 and 2025 financial statements;
(b) all known filing deficiencies had been remedied; and
(c) the Company had put in place controls to prevent recurrence.

4.8 In those circumstances, the breach had become historical, fully rectified and non-material from a supervisory and investor-protection perspective. To impose the maximum penalty without differentiation is inconsistent with a policy that expressly distinguishes non-material enforcement matters from more serious violations.

Ground 3: Failure to reflect cooperation and settlement efforts

4.9 Under the MFSA's Settlement Policy, firms that seek early resolution and cooperate fully with the Authority are eligible for mitigation, including discounts on the level of financial penalties.

4.10 The Company did precisely that:

(a) it promptly responded to the Minded-to-Impose-Penalty letter within the permitted timeframe;
(b) it requested settlement discussions and engaged constructively with MFSA officials; and
(c) it participated in those discussions in good faith until they were terminated by the Authority.

4.11 The breach at issue had been fully remedied before settlement was sought; the Company's cooperation was comprehensive; and the case concerned a single instance of late filing, in the context of exceptional operational and health-related disruption.

4.12 In these circumstances, the Company submits that it was incumbent on the MFSA, consistently with its Settlement Policy, to reflect the Company's cooperation and remedial efforts in the penalty imposed. The Decision does not indicate that any meaningful mitigation was applied. The failure to afford such mitigation renders the penalty manifestly excessive.

Ground 4: Fairness, proportionality and legitimate expectations

4.13 The MFSA's sanctioning approach, as reflected in its guidance on penalty methodology, is required to be *effective, proportionate and dissuasive*. That necessarily entails consideration of both aggravating and mitigating factors, including the duration and seriousness of the breach and the steps taken by the regulated entity to remedy it.

4.14 Here:

(a) the breach consisted of a delay in filing financial statements for a period during which the Company was largely inactive;

(b) there is no suggestion of investor harm, financial loss, or any ongoing non-compliance;
(c) the Company has now put its reporting obligations on a proper and sustainable footing; and
(d) the penalty of €5,000 is at the top end of the applicable non-material enforcement scale.

4.15 Further, when the new directors approached the MFSA's Insurance Supervision Unit in June 2024 to regularise the Company's position, they did so transparently and in the expectation that full cooperation and remediation would be treated as mitigating. The Authority did not indicate, at that time, that it intended to pursue the maximum penalty for an historical late filing once all statements were submitted.

4.16 In these circumstances, imposing the maximum non-material penalty, without clear recognition of the exceptional context and the Company's extensive cooperation, frustrates legitimate expectations and is neither fair nor proportionate.

Ground 5: Prospective compliance and reputational impact

4.17 Since mid-2024, the Company has:

(a) strengthened its board and corporate governance arrangements;
(b) retained professional advisers to support ongoing regulatory compliance; and
(c) implemented internal controls to ensure that all future regulatory filings are made accurately and on time.

4.18 The Company is committed to maintaining a constructive relationship with the MFSA and to ensuring that such circumstances do not arise again.

4.19 The Company also notes that, under article 16(8) of the MFSA Act, administrative measures and penalties may be published by the Authority, which can have a material reputational impact. In the context of an isolated, non-material breach that has been fully remedied, the combination of a maximum penalty and publication is disproportionate to the gravity of the underlying conduct.

5. Relief Sought

5.1 For the reasons set out above, the Company respectfully invites the Tribunal to exercise its powers under article 21 of the MFSA Act and to:

(a) annul the Decision and set aside the administrative penalty in its entirety; or, in the alternative,
(b) substantially reduce the administrative penalty to a level that appropriately reflects the exceptional mitigating circumstances, the Company's cooperation, and the non-material nature of the breach.

5.2 The Company further requests that the Tribunal:

(a) order that the operation and enforcement of the Decision be stayed pending final determination of this Appeal; and
(b) direct the MFSA, in reconsidering the matter, to take into account the Company's exceptional circumstances, its remedial actions, and its demonstrated commitment to future compliance.

5.3 The Company notes that, under the MFSA's policy on non-material enforcement action, payment of the penalty is treated as a waiver of the right to appeal. In order not to prejudice its statutory right of appeal, the Company has not paid the penalty and respectfully seeks a stay of enforcement pending the Tribunal's decision.

6. Documents Relied Upon

6.1 The Company relies, inter alia, on the following documents, which are already in the possession of the MFSA and/or will be made available to the Tribunal as required:

(a) the MFSA Decision letter dated 11 November 2025;
(b) the MFSA "Minded to Impose Penalty" letter dated 6 September 2025;
(c) the Company's written representations in response;
(d) correspondence relating to settlement discussions; and
(e) the MFSA's notice of termination of settlement discussions.

We respectfully request that the Tribunal list this Appeal for hearing and grant the relief sought above.

Having seen the Reply of the Authority through which the Authority replied to the Appeal as follows:

1. That, preliminarily, applicant's application was not filed within the thirty-day (30) of being served with the contested decision as stipulated by article 21(8) of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta) and article 42 *et sequitur* of the Financial Markets Act (Chapter 345 of the laws of Malta), and should thus be considered null by this Tribunal and consequently dismissed summarily;

2. That, also preliminarily, and without prejudice to the foregoing, such application was also not accompanied by the fee required by regulation 3 of the Financial Services Tribunal (Fees) Regulations (Subsidiary Legislation 330.8). Therefore, such application is not to be considered by this Tribunal and should also on this ground be summarily dismissed;

3. That with reference to the first (1st) ground of contestation set out in the relative application, the Authority refutes the assertion that the circumstances set out in paragraph 4.2 of the appeal application constitutes "*very exceptional cases*" for the purposes of paragraph 4.1.2 of the Policy Document on Non-Material Enforcement Action. This is in view of the fact that such exceptional cases must affect a particular sector or the financial services in general, as per the aforementioned paragraph, and is not intended to cater for exceptional cases pertaining to a particular licence holder;

   Without prejudice to the above, operational inactivity and relocation of an authorised person's place of business cannot be deemed as exceptional cases which justify a lengthy default of one's regulatory reporting obligations, nor can change in directors the timing of which does not correlate with the untimely submission of the Audited Annual Financial Statements for the financial year twenty twenty-one (2021). The same applies for the arguments relating to the company's managing director's health, which argument did not even feature in applicant's representations following the Minded Letter, let alone corroborated by concrete evidence;

4. That, with reference to the second (2nd) ground raised by applicant company, the Authority submits that the fact applicant company had eventually submitted the Audited Annual Financial Statements for the financial year twenty twenty-one (2021) by the time the contested decision was issued does not exonerate applicant company from the fact that such filing was not made by the regulatory deadline. It is also relevant to point out that applicant company did not fail to meet the regulatory deadline by a few days or weeks, but only completed such filing a full four hundred and forty-one (441) days after such deadline;

5. That, with regard to the third (3rd) ground raised by applicant company, the Authority submits that while the parties entered into settlement discussions in line with the Settlement Policy, such discussions were terminated following inaction on applicant's part, and thus the Authority was justified in consequently proceeding with issuing the contested decision;

6. That with respect to the fourth (4th) ground on the proportionality of the imposed penalty, the Authority clarifies that, contrary to that asserted in the applicant company's application, the quantum established by the Authority is not the maximum – indeed, the maximum penalty which could be imposed, as per article 39A(1) of the Financial Markets Act is that of one hundred and fifty-thousand Euro (€150,000). In light of this, the Authority submits that the penalty imposed is evidently proportionate to the breaches identified;

7. That with regard to the fifth (5th) ground on prospective reputation impact, it is clarified that, in line with the Administrative Measures & Penalties – Publication Policy, the contested decision was initially published on the Authority's website on an anonymous basis, as outlined in the contested decision itself;

8. That the contested decision was issued in line with the law and the principles of natural justice and that the Authority properly exercised its discretion in issuing the same. Consequently, the Authority submits that that applicant company's requests should be dismissed and the contested decision confirmed in its entirety;

Having held a number of sittings and further to the written submissions made by the Parties which were limited to the two preliminary pleas raised by the Authority;

The Tribunal considers the following:

Preliminary Pleas raised by the Authority:

The Authority claims that the appeal of the Appellants is null and void since it was filed late and also since it was not accompanied by the fee established in SL 330.08.

The Tribunal enabled both parties to submit evidence on these two pleas and also directed the parties to make submissions on the same pleas.

The Tribunal notes that whilst the Appellant did make a number of submissions communicated to the Tribunal through electronic means, none of its representatives attended any of the sittings.

The Tribunal will hence start by addressing the plea of nullity raised in relation to the fact that the Appellants did not pau the fee established in regulation 3 of SL 330.08.

The said Regulations established a fee of five hundred Euro (€ 500) that has to be paid when submitting an appeal to the Tribunal.

Regulation 5 of the same Regulations states as follows:

(5) An appeal application or an application for transfer of Long term business, as applicable, filed before the Financial Services Tribunal ***shall not*** [1] *be considered unless it is accompanied by the applicable administrative fee in terms of these regulations.*

The Appellants, in their latest submission, concede that no fee was paid when it filed the Appeal and referred to the circumstances of the Appellant for failing to do so.

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[1] Added Emphasise

However, in the opinion of the Tribunal, the law is very clear and the Tribunal shall not consider any appeals unless they are accompanied by the relative fees. The Regulations do not provide for any exception to this rule and hence it is clear that the Appeal as submitted is null and the Tribunal shall henceforth decline from considering it further.

This decision is being delivered without prejudice to the other preliminary plea and the pleas raised by the Authority on the merits of the Appeal, although, and this to avoid unnecessary procedures, it is likewise very clear that the Appeal was submitted late in that it was received by the Tribunal after the lapse of the 30 day limited established in article 21(8) of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta) and article 42 *et sequitur* of the Financial Markets Act (Chapter 345 of the laws of Malta). The Tribunal refers to the deposition of its own Director General and the deposition of the officer of the Malta Arbitration Centre, which evidence was never contested by the Appellants.

Decide

On the basis of the above, the Tribunal declares that the Appeal of the Appellant is null and void in that it was not accompanied by the relative fee established in regulation 3 of SL 330.08.

Costs are to be borne by the Appellant