

MFSA
MALTA FINANCIAL SERVICES AUTHORITY

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Amendments to Banking Rule BR/02 ‘Large Exposures of Credit Institutions authorised under the Banking Act 1994’

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Directive 2010/78/EU (OMNIBUS DIRECTIVE) Amendments (applicable from 31 December 2011)

Main body of Rule para 4: specified that CEBS is the predecessor of EBA.

Main body of Rule para 36: specified that the reporting schedules found under Appendix 1 have been developed taking into account the CEBS publication dated 11th December 2009 entitled ‘Guidelines on reporting requirements for the revised Large Exposures regime’.

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Directive 2009/111/EC (CRD II) Amendments (applicable from 31 December 2010)

In brief, the main amendments to the Rule comprised the following:

A wider interpretation of “group of connected customers” and “control”.

The removal of the 800% aggregate limit.

A single exposure limit of 25% to own funds after taking the effect of the credit risk mitigation or €150 million whichever is the higher. The latter threshold applies in the case the client is an institution or where a group of connected clients includes one or more institutions.

New additions and removal of a number of fully exempt exposures which are considered to be exempt on the strength of the security taken or satisfy the conditions stated in the relative exemption list included within the section “Exempt Exposures”.

Revised provisions relating to secured exposures by residential or commercial properties in the light of changes in this area in the CRD as transposed in Banking Rule BR/04.

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