

MFSA
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Amendments to Banking Rule BR/07 ‘Publication of Annual Report and Audited Financial Statements of Credit Institutions Authorised under the Banking Act 1994’

PUBLISHED JUNE 2013

Directive 2011/89/EU (FICOD I) Amendments (applicable from 10 June 2013)

Main body of Rule paras 23 and 23A ‘Disclosures for Subsidiaries’: inserted reference to EU parent mixed financial holding company.

Main body of Rule: new para 29A on disclosure at the level of the Banking Group.

PUBLISHED DECEMBER 2011

Directive 2010/76/EU (CRD III) Amendments (applicable from 31 December 2011)

Main body of Rule para 26 ‘Disclosure Policy’: added the underlined text

“Credit institutions shall adopt a formal policy to comply with the disclosure requirements laid down in paragraphs 25 and 25A, and have policies for assessing the appropriateness of their disclosures, including their verification and frequency. Credit institutions shall also have policies for assessing whether their disclosures convey their risk profile comprehensively to market participants.”

Where those disclosures do not convey the risk profile comprehensively to market participants, credit institutions shall publically disclose the information necessary in addition to that required in accordance with paragraphs 25 and 25A. However, they shall only be required to disclose information which is material and not proprietary or confidential in accordance with the technical criteria set out in Appendix 2, Part 1.”

Main body of Rule para 36 ‘Reconciliation Report’: amended to have the reconciliation report also include discrepancies between financial figures reported under Banking Rule BR/07 and prudential returns submitted under other Banking Rules (apart from discrepancies from end of year statutory data presented in Banking Rule BR/06).

Appendix 2: replaced title to read ‘Technical Criteria on Transparency and Disclosure’.

Appendix 2 para 9 ‘Disclosure: Market Risk’: The capital requirement for specific interest rate risk of securitisation positions shall be disclosed separately.

Appendix 2 para 10 ‘Disclosure: Use of VAR Model for Calculation of Market Risk Capital Requirement’: para 10(a)(ii) and (iii) re-numbered para 10(a)(iii) and (iv), new para 10(a)(ii) inserted, para 10(d) amended, para 10(e) re-numbered para 10(f), new para 10(e) inserted.

Appendix 2 para 14 ‘Disclosures: Securitisation’: replaced.

PUBLISHED OCTOBER 2010

Directive 2009/111/EC (CRD II) and Directive 2009/83/EC Amendments (applicable from 31 December 2010)

Appendix 2, Part 2, Paragraphs 3 (a) and (b) – Amended in order to include Other Instruments and instruments, the provisions of which provide an incentive for the credit institution to redeem them, specifying instruments subject to the provisions of Paragraph 12 of Banking Rule BR/03. (Source: Directive 2009/111/EC of 16 September 2009)

Appendix 2, Part 2, Paragraph 10 (d) and (e) – Inserted these two points in respect of the Use of VaR model for calculation of Market Risk Capital Requirement. (Source: Directive 2009/83/EC of 27 July 2009)

Appendix 2, Part 3, Paragraph 3 – Amended to include Insurances and Other Risk Transfer Mechanisms for the Purpose of Mitigating Operational Risk. (Source: Directive 2009/83/EC of 27 July 2009)

Directive 2010/76/EU (CRD III) Amendments (applicable from 1 January 2011)

Appendix 2, Part 2 Paragraph 15 – Credit Institutions are required to disclose their Remuneration Policy and Practices in accordance with the requirements emanating from the said paragraph.

Other minor applicable amendments and / or additions were made to the following:

Paragraph 5 – Credit institutions are required to prepare their annual accounts both on a solo and consolidated basis as applicable using IASs and IFRSs as adopted by the European Union.

Paragraph 25A – Credit institutions are required to disclose within the Annual Report the means of verification utilised for those Additional Regulatory Disclosures not covered by the annual statutory audit.

‘FORMER’ Paragraph 38 – The Transitional Provision paragraph has been removed given that it is no longer applicable.

Banking Supervision Unit – MFSA