

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular to Credit Institutions on Banking Rule BR/16

The Authority is hereby issuing a [revised version of Banking Rule BR/16](#) on *Funding Plans for Credit Institutions authorised under the Banking Act* (hereinafter the “Rule”).

The Authority has, in view of its obligations pursuant to the [Decision](#) of the European Banking Authority (hereinafter the “EBA”) on reporting by competent authorities to the EBA (EBA/DC/2015/130) (hereinafter the “EBA Decision”), as well as its obligations towards the European Systemic Risk Board under the [Recommendation of the European Systemic Risk Board of 20 December 2012 on funding of credit institutions \(ESRB/2012/2\)](#) (hereinafter the “ESRB Recommendation”) and to the European Central Bank (hereinafter the “ECB”) under the [Decision \(EU\) 2017/1198 of the ECB of 27 June 2017 on the reporting of funding plans of credit institutions by national competent authorities to the ECB \(ECB/2017/21\)](#) (hereinafter the “ECB Decision”), amended paragraph 4 of the Rule. In particular:

- A new criterion under point (d) of paragraph 4 has been added. Point (d) of paragraph 4 has been introduced in order to include within the scope of the Rule, credit institutions which are deemed as significant credit institutions in accordance with [Council Regulation \(EU\) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions](#), in order for the Authority to be able to fulfil its obligations towards the ECB pursuant to the ECB Decision;
- A proviso has been added to provide that, where a credit institution does not satisfy any of the criteria listed in paragraph 4 of the Rule, such a credit institution would, in order for the Authority to be able to fulfil its obligations towards the EBA pursuant to Article 2(5) of the EBA Decision, still be deemed to be within the scope of the Rule if it satisfied any of such criteria during any of the previous three years;
- A proviso has been added to provide that, in the event that the total consolidated assets of the credit institutions which are deemed in scope of the criteria established in points (a) to (d), do not represent 75% of the total consolidated assets of the Maltese banking system in any year of review, the credit institution with the next highest four-year average asset-to-GDP ratio, should also be considered in scope in descending order until the 75% threshold criterion is satisfied; and
- Point (a) of paragraph 4, which refers to instances where the assets of a credit institution represent a minimum of 5% of the total banking assets in Malta, has been removed. This criterion has been replaced by the second proviso to paragraph 4, which has been introduced in order to include within the scope of the Rule credit institutions which, although not satisfying any of the criteria outlined in paragraph 4 and the first proviso

thereto, are to be included within the scope in order to satisfy the 75% threshold criterion established in the ESRB Recommendation;

In this regard, the Authority will be communicating directly with the credit institutions which will fall within the scope of this Rule.

Other minor changes have also been carried to the Rule in order to provide further clarity. The revised Banking Rule BR/16 will come into force with immediate effect.

Any queries in relation to the above should be directed to the Banking Supervision Unit (Policy Section) on bsupolicy@mfsa.com.mt.

Communications Unit
Malta Financial Services Authority
5 March 2018