MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular to Credit Institutions on Banking Rule BR/12

The Authority hereby issues a revised version of Banking Rule BR/12 on the *Supervisory Review Process of Credit Institutions authorised under the Banking Act*.

The revised Banking Rule BR/12 transposes, in part, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC ad 2006/49/EC (the CRD IV).

The Rule provides *inter alia* guidance to credit institutions to refer to the relevant Regulatory/Implementing Technical Standards (R/ITS) and Guidelines which have been published or which are currently under development. Nevertheless, credit institutions are also required to adhere to any other relevant Regulatory/Implementing Technical Standards (R/ITS) and Guidelines, as well as any other relevant EU legislation which may be issued from time to time.

Until such time the local legislation transposing any obligations of the Authority as laid out in the CRD IV (and which were previously reflected in Banking Rule BR/12) enters into force, credit institutions shall refer to the relevant provisions of the CRD IV, which shall apply until such time local legislation transposing the latter comes into force.

As indicated in Annex 2A, the ICAAP Report should now contain a section on leverage and a section on funding plans, whereas the provisions on 'Remuneration' previously disclosed in Annex 2B have now been moved to Annex 2E.

Appendix 5 has been added to the revised Banking Rule BR/12 for the purposes of implementing the requirements of Recommendations B and C of the Recommendation of the European Systemic Risk Board of 20 December 2012 on funding of credit institutions.

Credit institutions are also to peruse the Explanatory Note which is being issued together with the revised Banking Rule BR/12, which explains in detail the amendments which have been made to Banking Rule BR/12.

Communications Unit
Malta Financial Services Authority
31st December 2014