

**ANNEX I**

<b>Rules and guidance</b>	
<b>List of templates</b>	
<a href="#">Part 1</a>	Transposition of Directive 2013/36/EU
<a href="#">Part 2</a>	Model approval
<a href="#">Part 3</a>	Specialised lending exposures
<a href="#">Part 4</a>	Credit risk mitigation
<a href="#">Part 5</a>	Specific disclosure requirements applied to institutions
<a href="#">Part 6</a>	Waivers for the application of prudential requirements
<a href="#">Part 7</a>	Qualifying holdings in a credit institution
<a href="#">Part 8</a>	Regulatory and financial reporting

General remarks on filling in templates in Annex I

When publishing information on the general criteria and methodologies, competent authorities shall not disclose any supervisory measures directed at specific institutions, whether taken with respect to a single institution or to a group of institutions.

**EN  
ANNEX I**

<b>Part 1</b>					
<b>Transposition of Directive 2013/36/EU</b>					
	<b>Transposition of provisions of Directive 2013/36/EU</b>	<b>Provisions of Directive 2013/36/EU</b>	<b>Links to national text<sup>(1)</sup></b>	<b>Reference(s) to national provisions<sup>(2)</sup></b>	<b>Available in EN (Y/N)</b>
010	<b>Date of the last update of information in this template</b>			<i>31st July 2019</i>	
020	<b>I. Subject matter, scope and definitions</b>	Articles 1 to 3	<a href="#">Banking Legislation</a>  <a href="#">Banking Rules</a>	Articles 2 and 25(14) of the Banking Act (Chap. 371);  Regulations 2, 17(7) and (8) of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L. 371.11);  Regulation 2(1) of the Supervisory Consolidation Regulations, 2014 (S.L.371.15);  Regulation 2(1) of Banking Act (Supervisory Review) Regulations, 2014 (S.L. 371.16);  Regulation 2(1) of Administrative Penalties, Measures and Investigatory Powers Regulations, 2015 (S.L.371.05);  Appendix 3 of BR/01; Annex 2B, footnote 6 and Annex 2C of BR/12; Paragraph 5(xi) of BR/15.	Y
030	<b>II. Competent authorities</b>	Articles 4 to 7	<a href="#">Banking Legislation</a>  <a href="#">Banking Legislation</a>	Articles 7B of the Malta Financial Services Authority Act (Chap. 330);  Paragraphs (f) & (g) of Article 4(1) of the First Schedule to the Malta Financial Services Authority Act (Chap. 330);  Paragraphs (a) and (d) of Article 8(4) of the First Schedule to the Malta Financial Services Authority Act (Chap. 330);  Articles 4(1) - (5), 4A, 17B(3), 19(1) and (3) and 20(1) of the Banking Act (Chap. 371);  Regulation 5 of Administrative Penalties, Measures and Investigatory Powers Regulations, 2015 (S.L.371.05);  Regulation 10(1) of the Recovery and Resolution Regulations (S.L. 330.09).	Y
040	<b>III. Requirements for access to the activity of credit institutions</b>	Articles 8 to 27			

**EN  
ANNEX I**

050	1. General requirements for access to the activity of credit institutions	Articles 8 to 21	<a href="#">Banking Legislation</a>	Articles 2A, 5(1), 6(1), (2) and (4), 7(1), (2), (7) and (8), 7B, 9(2) and (7), 11(4), 12 of the Banking Act (Chap.371); Regulation 3(3) of the Supervisory Consolidation Regulations, 2014 (S.L.371.15).	Y
060	2. Qualifying holding in a credit institution	Articles 22 to 27	<a href="#">Banking Legislation</a>	Articles 13(1), 13(3), (5) and (7), 13A(1) - (6), (8) (15), 13B, 13D and 35A(1) of the Banking Act (Chap. 371); Regulation 4(1) of Administrative Penalties, Measures and Investigatory Powers Regulations, 2015 (S.L.371.05).	Y
070	<b>IV. Initial capital of investment firms</b>	Articles 28 to 32	N/A	N/A	N/A
080	<b>V. Provisions concerning the freedom of establishment and the freedom to provide services</b>	Articles 33 to 46			
090	1. General principles	Articles 33 to 34	<a href="#">Banking Legislation</a>	Regulations 3(1), 4(1), 17(1) - (3), (5) and (6) of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L. 371.11).	Y
100	2. The right of establishment of credit institutions	Articles 35 to 38	<a href="#">Banking Legislation</a>	Regulations 2(3), 3(2)-(5), 10(2), (3), (5) - (8) and (11) and 17(4) of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L. 371.11).	Y
110	3. Exercise of the freedom to provide services	Article 39	<a href="#">Banking Legislation</a>	Regulations 4(2) and 11(2) and (3) of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L.371.11).	Y
120	4. Powers of the competent authorities of the host Member State	Articles 40 to 46	<a href="#">Banking Legislation</a>	Article 9(7) of the Banking Act (Chap.371); Regulations 6, 7, 14, 15, sub-paragraphs (5) - (7) of paragraph (d) of the proviso to regulation 22 and sub-paragraphs (2) and (3) of paragraph (e) of the proviso to regulation 22 of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L. 371.11).	Y
130	<b>VI. Relations with third countries</b>	Articles 47 to 48	<a href="#">Banking Legislation</a>	Article 11A of the Banking Act (Chap.371); Regulation 13(6) of the Supervisory Consolidation Regulations, 2014 (S.L.371.15).	Y

**EN**  
**ANNEX I**

140	<b>VII. Prudential supervision</b>	Articles 49 to 142			
150	1. Principles of prudential supervision	Articles 49 to 72			
160	1.1 Competence and duties of home and host Member States	Articles 49 to 52	<a href="#">Banking Legislation</a>	Regulations 14 to 18 of the Supervisory Consolidation Regulations, 2014 (S.L.371.15); Regulations 3(6), 4(5), 8(1) - (4), 10(9) and (10), 11(6) and (7), 12(1) - (4) and 16 of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L. 371.11).	Y
170	1.2 Exchange of information and professional secrecy	Articles 53 to 62	<a href="#">Banking Legislation</a>	Articles 25(2), (3), (6) - (12) and 34(4), (5) and (7) - (9) of the Banking Act (Chap.371); Regulations 8(5) and 12(5) of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L. 371.11)	Y
180	1.3 Duty of persons responsible for the legal control of annual and consolidated accounts	Article 63	<a href="#">Banking Legislation</a>	Articles 26(1) and 31(9) of the Banking Act (Chap.371).	Y
190	1.4 Supervisory powers, powers to impose penalties and right of appeal	Articles 64 to 72	<a href="#">Banking Legislation</a>	Articles 7(2) and (5), 10 and 35B of the Banking Act (Chap.371); Regulations 3, 4(1) -(3) and 5 to 11 of the Administrative Penalties, Measures and Investigatory Powers Regulations, 2014 (S.L. 371.05).	Y
200	2. Review processes	Articles 73 to 110			
210	2.1 Internal capital adequacy assessment process	Article 73	<a href="#">Banking Legislation</a>	Article 17C of the Banking Act (Chap.371)	Y
220	2.2 Arrangements, processes and mechanisms of institutions	Articles 74 to 96	<a href="#">Banking Legislation</a>  <a href="#">Banking Rules</a>	Articles 14(2) - (6) and 17B(1), (2) and (4) of the Banking Act (Chap.371); Regulations 10(3) - (5), 13 to 16 of the Banking Act (Supervisory Review) Regulations, 2014 (S.L.371.16); Paragraphs 27 to 32 of BR/07; Annex 2E and Annex 2B paragraphs 1 to 2, 5 to 7, 8(a) - (d), 9 to 14, 15(a) - (k), 16 of BR/12	Y
230	2.3 Supervisory review and evaluation process	Articles 97 to 101	<a href="#">Banking Legislation</a>	Regulations 3 to 7 to the Banking Act (Supervisory Review) Regulations, 2014 (S.L. 371.16).	Y
240	2.4 Supervisory measures and powers	Articles 102 to 107	<a href="#">Banking Legislation</a>	Articles 17E and 30A of the Banking Act (Chap.371); Regulations 8, 9, 10(1) and (2) and 11 of the Banking Act (Supervisory Review) Regulations, 2014 (S.L. 371.16).	Y

**EN**  
**ANNEX I**

250	2.5 Level of application	Articles 108 to 110	<a href="#">Banking Legislation</a>	Article 17E(3) of the Banking Act (Chap.371); Regulation 12 of the Banking Act (Supervisory Review) Regulations, 2014 (S.L. 371.16); Paragraphs 6 to 6h of BR/12.	Y
			<a href="#">Banking Rules</a>		
260	3. Supervision on a consolidated basis	Articles 111 to 127			
270	3.1 Principles for conducting supervision on a consolidated basis	Articles 111 to 118	<a href="#">Banking Legislation</a>	Regulations 3(1) and (2), 4 to 9 and 12 of the Supervisory Consolidation Regulations, 2014 (S.L. 371.15).	Y
280	3.2 Financial holding companies, mixed financial holding companies and mixed-activity holding companies	Articles 119 to 127	<a href="#">Banking Legislation</a>	Articles 14(7) and 30 of the Banking Act (Chap.371); Regulation 4(4) of the Administrative Penalties, Measures and Investigatory Powers Regulations, 2014 (S.L. 371.05); Regulations 3(1), 10, 11, 13(1) - (5), 19 and 20 of the Supervisory Consolidation Regulations, 2014 (S.L. 371.15); Paragraph 15b of BR/12.	Y
			<a href="#">Banking Rules</a>		
290	4. Capital buffers	Articles 128 to 142			
300	4.1 Buffers	Articles 128 to 134	<a href="#">Banking Legislation</a>	Article 4(2) of the Banking Act (Chap.371); Paragraphs 5(i), (iv), (vi), (vii), (viii), (ix), (x), 6-11, 20 - 39 of BR/15; Paragraphs 3, 14-32, 36-45, 47-51 of Directive no 11 of Central Bank of Malta.	Y
			<a href="#">Banking Rules</a>		
			<a href="#">Central Bank of Malta Regulation</a>		
310	4.2 Setting and calculating countercyclical capital buffers	Articles 135 to 140	<a href="#">Central Bank of Malta Regulation</a>	Paragraphs 53 - 65 of Directive No 11 of Central Bank of Malta;	Y
			<a href="#">Banking Rules</a>	Paragraphs 12 - 19 of BR/15.	
320	4.3 Capital conservation measures	Articles 141 to 142	<a href="#">Banking Rules</a>	Paragraphs 40 - 53 of BR/15.	Y

**EN**  
**ANNEX I**

330	<b>VIII. Disclosure by competent authorities</b>	Articles 143 to 144	<a href="#">Banking Legislation</a>	Regulations 17 and 18 of the Banking Act (Supervisory Review) Regulations, 2014 (S.L. 371.16)	Y
340	<b>IX. Amendments of Directive 2002/87/EC</b>	Article 150	N/A/	N/A	N/A
350	<b>X. Transitional and final provisions</b>	Articles 151 to 165			
360	1. Transitional provisions on the supervision of institutions exercising the freedom of establishment and the freedom to provide services	Articles 151 to 159	<a href="#">Banking Legislation</a>	Article 4(4) of the Banking Act (Chap.371); Regulations 18(1) and (2) and 21 of the Supervisory Consolidation Regulations, 2014 (S.L. 371.15); Regulations 10(9) and (10), 11(6) and (7), 21, 22 and 23 of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L. 371.11).	Y
370	2. Transitional provisions for capital buffers	Article 160	<a href="#">Banking Rules</a> <a href="#">Central Bank of Malta Regulation</a>	Paragraphs 54 - 56, 58-59 of BR/15; Paragraph 66 of Directive No 11 of Central Bank of Malta	Y

**EN**  
**ANNEX I**

380	3. Final provisions	Articles 161 to 165	<a href="#">Banking Legislation</a>	Article 2(3) of the Banking Act (Chap.371);	Y
			<a href="#">Banking Rules</a>	Regulation 1(2) of the Administrative Penalties, Measures and Investigatory Powers Regulations, 2014 (S.L. 371.05);	
			<a href="#">Central Bank of Malta Regulation</a>	Regulation 1(2) of the Banking Act (Supervisory Review) Regulations, 2014 (S.L. 371.16); Regulation 1(2) of the Supervisory Consolidation Regulations, 2014 (S.L. 371.15); Regulation 1(2) of the European Passport Rights for Credit Institutions Regulations, 2014 (S.L. 371.11); Regulation 2 of the Banking Act (Capital Adequacy) Regulations (S.L. 371.13); Paragraph 5(b) of BR/07; Paragraph 4 of BR/12; Paragraphs 4, 58 - 61 of BR/15; Paragraph 3(c), 52, and 66 of Directive No 11 of Central Bank of Malta	

- (1) Hyperlink(s) to the website containing the national text transposing the Union provision in question.  
(2) Detailed references to the national provisions, such as relevant Title, Chapter, paragraph etc.

**EN  
ANNEX I**

<b>Part 2 Model approval</b>		
010	<b>Date of the last update of information in this template</b>	31/07/2019
		<b>Description of the approach</b>
<b>Supervisory approach for the approval of the use of Internal Ratings Based (IRB) Approach to calculate minimum capital requirements for credit risk</b>		
020	Minimum documentation to be provided by the institutions applying for the use of IRB approach	Locally, we do not have any stand-alone institutions which have adopted an IRB model as yet, and hence we have not received any such requests for approval. Should however, any application be received by the MFSA requesting the approval to use the IRB model, the documentation and information required would be in accordance with the relevant Technical Standards and EBA Guidelines.
030	Description of the assessment process conducted by the competent authority (use of self assessment, reliance on external auditors and on-site-inspections) and main criteria of the assessment	Any such assessment would be carried out in accordance with the relevant Technical Standards and EBA Guidelines.
040	Form of the decisions taken by the competent authority and communication of the decisions to applicants	Given the significance of such an approval after thorough analysis by the Banking Supervision Unit final approval will be sought from the Executive Committee of the MFSA
<b>Supervisory approach for the approval of the use of Internal Model Approach (IMA) to calculate minimum capital requirements for market risk</b>		
050	Minimum documentation to be provided by the institutions applying for the use of IMA approach	Locally, we do not have any stand-alone institutions which have adopted an IMA as yet, and hence we have not received any such requests for approval. Should however, any application be received by the MFSA requesting the approval to use the IMA, the documentation and information required would be in accordance with the relevant Technical Standards and EBA Guidelines.
060	Description of the assessment process conducted by the competent authority (use of self assessment, reliance on external auditors and on-site-inspections) and main criteria of the assessment	Any such assessment would be carried out in accordance with the relevant Technical Standards and EBA Guidelines.
070	Form of the decisions taken by the competent authority and communication of the decisions to applicants	Given the significance of such an approval after thorough analysis by the Banking Supervision Unit final approval will be sought from the Executive Committee of the MFSA
<b>Supervisory approach for the approval of the use of Internal Model Method (IMM) to calculate minimum capital requirements for counterparty credit risk</b>		
080	Minimum documentation to be provided by the institutions applying for the use of IMM approach	Locally, we do not have any stand-alone institutions which have adopted an IMM as yet, and hence we have not received any such requests for approval. Should however, any application be received by the MFSA requesting the approval to use the IMM, the documentation and information required would be in accordance with the relevant Technical Standards and EBA Guidelines.
090	Description of the assessment process conducted by the competent authority (use of self assessment, reliance on external auditors and on-site-inspections) and main criteria of the assessment	Any such assessment would be carried out in accordance with the relevant Technical Standards and EBA Guidelines.
100	Form of the decisions taken by the competent authority and communication of the decisions to applicants	Given the significance of such an approval after thorough analysis by the Banking Supervision Unit final approval will be sought from the Executive Committee of the MFSA
<b>Supervisory approach for the approval of the use of Advanced Measurement Approach (AMA) to calculate minimum capital requirements for operational risk</b>		
110	Minimum documentation to be provided by the institutions applying for the use of AMA approach	Locally, we do not have any institutions which have adopted an AMA as yet, and hence we have not received any such requests for approval. Should however, any application be received by the MFSA requesting the approval to use the AMA, the documentation and information required would be in accordance with the relevant Technical Standards and EBA Guidelines.
120	Description of the assessment process conducted by the competent authority (use of self assessment, reliance on external auditors and on-site-inspections) and main criteria of the assessment	Any such assessment would be carried out in accordance with the relevant Technical Standards and EBA Guidelines.
130	Form of the decisions taken by the competent authority and communication of the decisions to applicants	Given the significance of such an approval after thorough analysis by the Banking Supervision Unit final approval will be sought from the Executive Committee of the MFSA.



EN  
ANNEX I

**Part 3**  
**Specialised lending exposures**

	<b>Regulation (EU) No 575/2013</b>	<b>Provisions</b>	<b>Information to be provided by the competent authority</b>
010		<b>Date of the last update of the information in this template</b>	<i>31/07/2019</i>
020	<b>Article 153(5)</b>	Has the competent authority published guidance to specify how institutions should take into account the factors referred to in paragraph 5 of Article 153 when assigning risk weights to specialised lending exposures?	<i>NO</i>
030		If so, please provide the reference to the national guidance	<i>N/A</i>
040		Is the national guidance available in English?	<i>N/A</i>

**EN  
ANNEX I**

<b>Part 4</b>
<b>Credit risk mitigation</b>

	Regulation (EU) No 575/2013	Provisions	Description	Information to be provided by the competent authority	
010	<b>Date of the last update of the information in this template</b>				31/07/2019
020	<b>Article 201(2)</b>	Publication of the list of financial institutions that are eligible providers of unfunded credit protection or guiding criteria for identifying these financial institutions	Competent authorities shall publish and maintain the list of financial institutions that are eligible providers of unfunded credit protection under point (f) of Article 201(1) of Regulation (EU) No 575/2013 or the guiding criteria for identifying such eligible providers	List of the financial institutions or guiding criteria for their identification	N/A
030		Description of the applicable prudential requirements	Competent authorities shall publish a description of the applicable prudential requirements together with the list of the eligible financial institutions or the guiding criteria for identifying these financial institutions	Description of the prudential requirements applied by the competent authority	N/A
040	<b>Article 227(2)(e)</b>	Condition for applying a 0% volatility adjustment	Under the Financial collateral Comprehensive Method institutions may apply a 0% volatility adjustment provided that the transaction is settled in a settlement system proven for that type of transaction	Detailed description on how the competent authority considers the settlement system as a proven system	<i>Settlement system may be considered 'proven' if the system, both locally and outside Malta is subject to oversight and has been utilised without any particular material negative results for a number of years.</i>
050	<b>Article 227(2)(f)</b>	Condition for applying a 0% volatility adjustment	Under the Financial collateral Comprehensive Method institutions may apply a 0% volatility adjustment provided that the documentation covering the agreement or transaction is standard market documentation for repurchase transactions or securities lending or borrowing transactions in the securities concerned	Specification of the documentation to be considered as standard market documentation	<i>Normal documentation usually utilised for such transactions which is legally binding and include all the necessary details of the transactions.</i>
060	<b>Article 229(1)</b>	Valuation principles for immovable property collateral under the IRB approach	The immovable property may be valued by an independent valuer at or at less than the mortgage lending value in the Member States that have laid down rigorous criteria for the assessment of this mortgage lending value in statutory or regulatory provisions	Criteria set out in the national legislation for the assessment of the mortgage lending value	N/A

**EN  
ANNEX I**

**Part 5**

**Specific disclosure requirements applied to institutions**

	<b>Directive 2013/36/EU</b>	<b>Regulation (EU) No 575/2013</b>	<b>Provision</b>	<b>Information to be provided by the competent authority</b>	
010	<b>Date of the last update of information in this template</b>				<i>31/07/2019</i>
020	<b>Article 106(1)(a)</b>		Competent authorities may require institutions to publish information referred to in Part Eight of Regulation (EU) No 575/2013 more than once per year, and to set deadlines for publication	Frequency and deadlines for publication applicable to institutions	<p>Article 433 of Regulation (EU) No 575/2013 ("CRR") stipulates that annual disclosures under Part Eight of the CRR shall be published in conjunction with the date of publication of the financial statements.</p> <p>Every credit institution licensed in Malta shall, no later than four months from the closing of its financial year or at any other time as may be authorised in writing by the MFSA -</p> <p>(a) forward to the MFSA and the Central Bank, and</p> <p>(b) exhibit in a conspicuous position in each of its offices and branches in Malta and keep so exhibited throughout the year, a copy of its audited financial statements drawn up and published in such manner as may be specified in accordance with a Banking Rule. (BR/07/2014, paragraph 2)</p> <p>Furthermore, disclosures by credit institutions under Part Eight of the CRR are to form part of the credit institutions' Annual Report. In addition, in terms of 30A (1) of the Banking Act (Chapter 371 of the Laws of Malta) the MFSA may require credit institutions to publish information referred to in Part Eight of the CRR more than once per year and to set deadlines for publication and to use specific media and locations for publications other than the financial statements (see also BR/07/2014, paragraph 23 et seq - on an annual basis).</p>
030	<b>Article 106(1)(b)</b>		Competent authorities may require institutions to use specific media and locations for publications other than the financial statements	Types of specific media to be used by institutions	Disclosures by credit institutions under Part Eight of the CRR shall form part of the institutions' Annual Report and, where such credit institutions maintain a website, such disclosures shall also be published on the said website. Furthermore, disclosures under Part Eight of the CRR are to be published on an annual basis. (BR/07/2014, paragraph 23 et seq).
040		<b>Article 13(1) and (2)</b>	Significant subsidiaries and those which are of material significance for their local market shall disclose information specified in Part Eight of Regulation (EU) No 575/2013 on an individual or sub-consolidated basis.	Criteria applied by the competent authority to assess the significance of a subsidiary	For the purposes of Article 13 of the CRR, unless otherwise specified by the MFSA, a local credit institution which is a subsidiary of an EU parent institution, an EU parent financial holding company or an EU parent mixed financial holding company shall be deemed to be significant. (BR/07/2014, paragraph 24)

**EN  
ANNEX I**

<b>Part 6</b>					
<b>Waivers for the application of prudential requirements</b>					
	<b>Regulation (EU) No 575/2013</b>	<b>Provisions</b>	<b>Description</b>	<b>Information to be provided by the competent authority</b>	
010	<b>Date of the last update of the information in this template</b>				<i>31/07/2019</i>
020	<b>Article 7(1) and (2) (Individual waivers for subsidiaries)</b>	Exemption from the application on an individual basis of prudential requirements set out in Parts Two to Five and Eight of Regulation (EU) No 575/2013	The waiver may be granted to any subsidiary provided that there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities by its parent undertaking pursuant to point (a) of Article 7(1).	Criteria applied by the competent authority to assess that there is no obstacle to the prompt transfer of own funds or repayment of liabilities	This waiver has been implemented only with regards to one credit institution. As at to date, this waiver has not been granted to other credit institutions.
030	<b>Article 7(3) (Individual waivers for parent institutions)</b>	Exemption from the application on an individual basis of prudential requirements set out in Parts Two to Five and Eight of Regulation (EU) No 575/2013	The waiver may be granted to a parent institution provided that there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the parent institution pursuant to point (a) of Article 7(3).	Criteria applied by the competent authority to assess that there is no obstacle to the prompt transfer of own funds or repayment of liabilities	As at to date, there are no institutions benefitting from this exemption. The waivers mentioned in Article 7 are applied by the MFSA on a case-by-case basis, after it is ascertained that there is no such impediment to the prompt transfer of own funds or repayment of liabilities to the parent institution.
040	<b>Article 8 (Liquidity waivers for subsidiaries)</b>	Exemption from the application on an individual basis of liquidity requirements set out in Part Six of Regulation (EU) No 575/2013	The waiver may be granted to institutions within a sub-group provided that these institutions have entered into contracts that, to the satisfaction of the competent authorities, provide for the free movement of funds between them to enable them to meet their individual and joint obligations as they become due pursuant to point (c) of Article 8(1).	Criteria applied by the competent authority to assess whether the contracts provide for free movement of funds between the institutions in a liquidity sub-group	This waiver has been implemented only with regards to one credit institution. As at to date, this waiver has not been granted to other credit institutions.
050	<b>Article 9(1) (Individual consolidation method)</b>	Permission granted to parent institutions to incorporate subsidiaries in the calculation of their prudential requirements set out in Parts Two to Five and Eight of Regulation (EU) N° 575/2013	The permission is granted only where the parent institution demonstrates fully to the competent authorities that there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds, or repayment of liabilities when due by the subsidiary incorporated in the calculation of requirements to its parent institution pursuant to Article 9(2).	Criteria applied by the competent authority to assess that there is no obstacle to the prompt transfer of own funds or repayment of liabilities	As at to date, there are no institutions benefitting from this exemption.
060	<b>Article 10 (Credit institutions permanently affiliated to a central body)</b>	Exemption from the application on an individual basis of prudential requirements set out in Parts Two to Eight of Regulation (EU) No 575/2013	Member States may maintain and make use of existing national legislation regarding the application of the waiver as long as it does not conflict with the Regulation (EU) No 575/2013 or Directive 2013/36/EU	Applicable national law / regulation regarding the application of the waiver	N/A

**EN  
ANNEX I**

**Part 7  
Qualifying holdings in a credit institution**

	Directive 2013/36/EU	Assessment criteria and information that is necessary for assessing the suitability of the proposed acquirer seeking to acquire a credit institution and the financial soundness of the proposed acquisition	Information to be provided by the competent authority			
010	<b>Date of the last update of information in this template</b>		31/07/2019			
020	<b>Article 23(1)(a)</b>	Reputation of the proposed acquirer	Description on how the competent authority assesses the integrity of the proposed acquirer	<p>The MFSA carries out a thorough due diligence process on all direct and indirect qualifying shareholders of credit institutions. In this respect full personal questionnaires need to be filled in by any ultimate beneficial owners, while corporate questionnaires need to be compiled by the immediate and ultimate corporates in the shareholding structure (all forms are available on the MFSA website). As part of the related due diligence process, the Authorisation Unit confirms with related third parties that all information submitted is correct and also checks the reputation of the applicant. Qualifying shareholders are only approved if they are found to be of sufficient integrity and competence.</p> <p>In general, the MFSA considers that the proposed acquirer is of 'good repute' if there is no reliable evidence to the contrary. The proposed acquirer is obliged to confirm that such adverse records do not exist. Delayed, incomplete or undelivered statements may question the proposed acquirer's integrity.</p> <p>When assessing the proposed acquirer's integrity the following has to be taken into consideration:</p> <ul style="list-style-type: none"> <li>- conviction for relevant criminal offenses, especially if the banking, finance, insurance or security sector are concerned, further anti money laundering provisions, market manipulation, usury, insider dealing, anti fraud provisions, other financial crimes, bankruptcy or insolvency provisions, consumer protection or corporate law provisions are concerned</li> <li>- pending or prior investigations or executions or imposed administrative penalties in relevant areas</li> <li>- pending or prior investigations and/or executions of other authorities or professional associations in relation to the non-compliance with relevant supervisory provisions</li> </ul> <p>Further, the proposed acquirer's diligence when conducting his business affairs, the prior relationship and behaviour in respect of the supervisory authorities, the disallowance of entries into the commercial registry or trade licences, exclusion from the position as trustee or a position as manager etc. have to be taken into consideration as well. The assessment of the integrity has to be an overall assessment, taking into consideration all relevant circumstances.</p> <p>Further details are set out in BR/13.</p> <p>Furthermore, as any change in shareholding of a credit institution will need to be assessed and determined by the ECB in terms of the SSM framework, kindly also refer to the Banking supervision website.</p>		
030					Description on how the competent authority assesses the professional competence of the proposed acquirer	<p>In the questionnaire mentioned in the reply above, please note that full details regarding related qualifications and experience need to be submitted. The MFSA then checks the accuracy of these statements, and, where required, also seeks professional references. The MFSA reviews the professional competence of the proposed acquirer by ascertaining whether the proposed acquirer is a person already considered to be sufficiently competent as a holder of the qualifying shareholding in another licensed entity, a natural person who already directs the business of the same or another licensed entity, a legal person that is licensed and there is no evidence that could cast reasonable concerns. Furthermore in the case of legal entities, the MFSA assesses the overall relevance of the objects of the company, as well as the related competence of its board of directors.</p> <p>Further details are set out in BR/13.</p>
040					Practical details on the cooperation process between competent authorities pursuant to Article 24 of Directive 2013/36/EU	As part of our due diligence process, the MFSA regularly consults and seeks feedback from the relevant regulatory authorities regarding competence and integrity of the proposed officials and qualifying shareholders.
050	<b>Article 23(1)(b)</b>	Reputation, knowledge, skills and experience of any member of the management body or senior management who will direct the business of the credit institution	Description on how the competent authority assesses the reputation, knowledge, skills and experience of members of management body and senior managers	The same personal questionnaire mentioned above is required to be submitted by all members of the management body and key function holders of credit institutions.		

**EN  
ANNEX I**

060	<b>Article 23(1)(c)</b>	Financial soundness of the proposed acquirer	Description on how the competent authority assesses the financial soundness of the proposed acquirer	<p>The MFSA requires full details of the financial standing of the proposed acquirers. In this regard, the MFSA reviews the financial soundness of the proposed acquirer by ascertaining his/her capacity to finance the proposed acquisition and maintain a sound financial structure for the foreseeable future. This is achieved by considering the acquirer's statement of wealth and source of funds, together with factors such as the degree of influence the proposed acquirer would have over the credit institution following the proposed acquisition, the nature of the proposed acquirer (for instance, whether he/she is a strategic or financial investor) and the nature of the acquisition (for instance, whether the transaction is significant or complex). The information required for the assessment of this will depend on the legal status of the proposed acquirer. Additionally, the MFSA analyses the financial mechanisms put in place by the proposed acquirer to finance the acquisition and whether this could raise conflicts of interest that destabilise the financial structure of the credit institution. The MFSA opposes the proposed acquisition if it concludes, based on its analysis of the information received, that the proposed acquirer is likely to face financial difficulties during the acquisition process or in the foreseeable future.</p> <p>Further details are set out in BR/13.</p>
070			Practical details on the cooperation process between competent authorities pursuant to Article 24 of Directive 2013/36/EU	<p>As part of our due diligence process, the MFSA regularly consults and seeks feedback from the relevant regulatory authorities regarding the financial standing of the proposed officials and qualifying shareholder.</p>
080	<b>Article 23(1)(d)</b>	Compliance of the credit institution with the prudential requirements	Description on how the competent authority assesses whether or not the credit institution will be able to comply with the prudential requirements	<p>The MFSA assesses the viability of the business model, risks to be undertaken and projected financials for the first three years of operation. Furthermore, the MFSA also considers the compliance with the prudential requirements by considering objective facts such as the intended shareholding of the credit institution, the reputation of the proposed acquirer and its group structure, but also considers the proposed acquirer's declared intentions towards the credit institution concerned in its business plan. These could be backed by appropriate commitments made by the proposed acquirer to meet prudential requirements, such as financial support in case of liquidity or solvency problems. The MFSA also considers the ability of the credit institution to continue to comply after the proposed acquisition. Therefore, a detailed business plan defining the business model, target customers and controls to be implemented together with detailed 3 year financials are submitted as part of the application package. Projections also need to include calculation of all regulatory ratios for the first three years of operation. Buffers above the minimum are a must.</p>
090	<b>Article 23(1)(e)</b>	Suspicion of money laundering or terrorist financing	Description on how the competent authority assesses whether or not there are reasonable grounds to suspect money laundering or terrorist financing	<p>In terms of the Prevention of Money Laundering and Funding of Terrorism Regulations, S.L.373.01, 31 July 2008, credit institutions are required to report transactions to the Financial Intelligence Analysis Unit and to the competent authority, whenever they suspect or have reasonable grounds to suspect that the funds involved may have been or are the proceeds of criminal activity or are linked to terrorism.</p> <p>The competent authority shall oppose the proposed acquisition if:</p> <p>(a) it knows or suspects, or has reasonable grounds for knowing or suspecting, that the proposed acquirer is or was involved in money laundering operations or attempts, whether or not this is linked directly or indirectly to the proposed acquisition; (b) it knows or suspects, or has reasonable grounds for knowing or suspecting, that the proposed acquirer has carried out terrorist activities or terrorist financing, in particular if the proposed acquirer is subject to a relevant financial sanctions regime; or (c) the proposed acquisition increases the risk of money laundering or terrorist financing. The assessment shall also cover the persons with close personal or business links to the proposed acquirer, including the legal and beneficial owners of the proposed acquirer.</p> <p>The competent authority shall also oppose the acquisition even when there are no criminal records, or where there are no reasonable grounds to suspect that money laundering is being committed or attempted, if the context of the acquisition would give reasonable grounds to suspect that there will be an increased risk of money laundering or terrorist financing (ML/TF). This could be the case, for example, if the proposed acquirer is established in or has relevant personal or business links itself (or through any family member or persons known to be close associates) in a country or territory identified by the Financial Action Task Force (FATF) as having strategic deficiencies that pose a risk to the international financial system or with a country or territory identified by the European Commission as having strategic deficiencies in its national anti-money laundering or counter-terrorist financing regime that pose significant threats to the financial system.</p> <p>Further details are set out in BR/13.</p>
100			Practical details on the cooperation process between competent authorities pursuant to Article 24 of Directive 2013/36/EU	<p>As part of our due diligence process, the MFSA regularly consults and seeks feedback from other relevant regulatory authorities as well as the Financial Intelligence Analysis Unit (AML Authorities) regarding the proposed officials and qualifying shareholders.</p>
110	<b>Article 23(4)</b>	List specifying the information to be provided to the competent authorities at the time of notification	List of information that must be provided by the proposed acquirer at the time of notification in order for the competent authority to carry out the assessment of the proposed acquirer and the proposed acquisition	<p>Please refer to the replies above. Furthermore, the full list of documents as specified in the Mergers and Acquisitions Directive are also to be submitted. Banking Rule 13 (BR/13) also contains an Appendix (Appendix I) which specifically lists all the information which the MFSA generally requests on the nature of the proposed acquirer and acquisition. It also lists the specific information required on the basis of the proportionality principle which distinguishes between the case where the acquisition will result in a change in control over the credit institution and the case where the proposed acquirer will not gain control but will acquire a qualifying shareholding. As part of our due diligence process, the MFSA regularly consults and seeks feedback from other relevant regulatory authorities as well as the Financial Intelligence Analysis Unit (AML Authorities) regarding the proposed officials and qualifying shareholders.</p> <p>Further details are set out in BR/13.</p>

**EN  
ANNEX I**

<b>Part 8 Regulatory and financial reporting</b>		
010	<b>Date of the last update of information in this template</b>	31/07/2019
020	<b>Implementation of the reporting on financial information in accordance with the Commission Implementing Regulation 680/2014</b>	
030	Is the application of the requirement set out in Article 99(2) of Regulation (EU) No 575/2013 extended to institutions which do not apply international accounting standards as applicable under Regulation (EC) No 1606/2002?	No. Every credit institution licensed in Malta applies international accounting standards as applicable under the national discretion existing in Regulation (EC) No 1606/2002.
040	<i>If so, what accounting framework<u>s</u> apply to these institutions?</i>	N/A
050	<i>If so, which is the level of application of the reporting? (solo/consolidated/sub-consolidated basis)</i>	N/A
060	Is the application of requirements set out in Article 99(2) of Regulation (EU) No 575/2013 extended to financial entities other than credit institutions or investment firms?	No
070	<i>If so, what types of financial entities (e.g. financial firms) are subject to these reporting requirements?</i>	N/A
080	<i>If so, what is the size of these financial entities in terms of total balance sheet (on a solo basis)?</i>	N/A
090	Are XBRL standards used for submitting the reporting to the competent authority?	Yes
100	<b>Implementation of the reporting on own funds and own funds requirements in accordance with the Commission Implementing Regulation 680/2014</b>	
110	Is the application of requirements set out in Article 99(1) of Regulation (EU) No 575/2013 extended to financial entities other than credit institutions or investment firms?	No
120	<i>If so, what accounting frameworks apply to these financial entities?</i>	N/A
130	<i>If so, what types of financial entities (e.g. financial firms) are subject to these reporting requirements?</i>	N/A
140	<i>If so, what is the size of these financial entities in terms of total balance sheet (on a solo basis)?</i>	N/A
150	Are XBRL standards used for submitting the reporting to the competent authority?	Yes