

24 June 2020

Circular on the Shareholding Policy for Credit Institutions and Insurance Companies

The Authority would like to draw the attention of Licence Holders and applicants for authorisation as Credit Institutions and Insurance Companies that the MFSA is hereby issuing a [Shareholding Policy for Credit Institutions and Insurance Companies](#).

The new Policy follows two Policy Papers that the MFSA has in place that were issued on [13 February 2012](#) and [16 May 2012](#).

The MFSA is hereby announcing that this Policy shall repeal and supersede the Policy dated 13 February 2012 applicable to 'Applicants for authorisation as Credit Institutions and Insurance Companies'¹.

The new Policy effectively removes the need for a waiver application for credit institutions and insurance companies, as outlined in the previous two Policies. For new credit institutions, this also implies that the need for a Contingency Contribution payment, which applied in certain circumstances when a waiver was requested by applicants, shall no longer apply.

The purpose of the new Policy is also to provide an overview of the MFSA's assessment process of shareholding structures of credit institutions and insurance companies, and particularly, also to communicate the Authority's risk appetite and the criteria in relation to the assessment of shareholding structures of these institutions.

In this respect, with reference to the assessment of shareholding structures of credit institutions and insurance companies, prospective applicants for such licences are advised that the MFSA has no risk appetite for limited shareholding structures that may adversely impact the overall governance, financial soundness and resilience of a licence holder. The same applies for existing licence holders, considering changes to their shareholding structure.

As set out in the new Policy, the Authority expects that the proposed shareholding structure of such entities to be reasonably diversified and balanced, in order to *inter alia* limit any potential shareholder dominance and ensure wider availability of funding, should capital injection(s) be required.

It is further being communicated that with the issue of this Policy, Paragraph 24D of [Banking Rule/BR01](#) has also been updated accordingly.

Any queries in relation to the new Policy should be directed to aubankingfis@mfsa.mt or auinsurancepensions@mfsa.mt.

¹ The Policy dated May 2012 is being discontinued for new applicants applying for a credit institution licence with the MFSA. However, licensed credit institutions which have been made subject to a Contingency Contribution requirement (in order to limit any potential impact on the Depositor Compensation Scheme and thus be eligible for consideration under the Policy dated May 2012) shall continue to be subject thereto, until notified otherwise, as further detailed in the new Policy.