

4 June 2020

Circular to Financial Institutions on amendments to the FIR/01

*The Authority is hereby amending the FIR/01 on “Application Procedures and Requirements for Authorisation of Licences under the Financial Institutions Act 1994” (**hereunder the ‘Rule’**).*

The amendments to the Rule are being undertaken in order to transpose in its entirety Article 10 of *Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (PSD2)*, and following the publication of the Legal Notice 71 of 2020 which amended the Financial Institutions Act (Safeguarding of Funds) Regulations (S.L. 376.04).

Regulation 7 of the Financial Institutions Act (Safeguarding of Funds) Regulations provides for different methods which institutions may use in order to safeguard funds. One of the methods that may be used is for institutions to invest the funds in secure liquid low-risk assets. For this purpose, the Authority has amended paragraph 63 of the FIR/01 in order to stipulate the criteria for liquid assets in line with regulation 7, which includes cash, listed debt securities issued by the Government of Malta or the Central Bank of Malta, and short term deposits in credit institutions licensed in Malta where the term is no longer that 6 months.

Other amendments are also being inserted for clarification purposes.

These amendments shall come into force with immediate effect.

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