

01 March 2021

Circular to Credit Institutions on amendments to Banking Rule BR/13

The Malta Financial Services Authority is hereby amending [Banking Rule BR/13](#) on the 'Prudential Assessment of Acquisitions and Increase of Shareholdings in Credit Institutions Authorised under the Banking Act 1994' (hereinafter referred to as the 'Rule').

The Rule sets out the criteria to be applied by the Authority in its assessment of a person or persons who intend to acquire or increase a shareholding in a credit institution, which assessment is made in terms of Article 13A of the Act. The Authority is now publishing minor amendments to the Rule which are aimed at rectifying and updating outdated references whilst further clarifying certain provisions of the Rule.

Firstly, minor amendments are being made within the Rule's section on proportionality, through the introduction of paragraph 18A of the Rule. This paragraph provides that the intensity of the assessment of proposed acquirers shall take into account the likely influence that the proposed acquirer may exercise on the credit institution. With respect to the Authority's opposition of proposed acquisitions, amendments are being made to the Rule to clarify that where the circumstances are well-justified, the Authority shall not oppose the proposed acquisition solely on the basis of the lack of some required information, the absence of which can be justified by the nature of the transaction.

The revisions being made to the Rule also provide further clarifications with respect to the procedure undertaken by the Authority in assessing proposed acquisitions. In assessing indirect acquirers of a credit institution, which are entities already licensed by the Authority, the Authority may limit such assessment to the persons at the top of the corporate control chain. This is clarified through the introduction of paragraph 32A of the Rule. Additionally, with respect to the Authority's procedure, the amendments to the Rule introduce provisions relating to assessments of financial soundness of a proposed acquirer which are made by overseas regulatory authorities. The Rule clarifies the extent to which such assessments by these authorities are taken into consideration by the Authority.

Appendix 1 to the Rule is aimed at providing a list of specific information and documentation which may be requested to be submitted to the Authority for the prudential assessment of acquisitions. The Authority has repealed sections of the Appendix which are catered for within the regulatory technical standards (RTS) developed by the European Banking Authority pursuant to Article 8(2) of the CRD ([EBA/RTS/2017/08](#)), and replaced such sections with paragraph 1 of Part I of the Appendix that provides detail on information to be submitted.

The amendments highlighted above, together with other minor amendments, are aimed at ensuring that proposed acquirers are aware of the information that is required to be submitted to the Authority in order to allow the Authority to assess the proposed acquisition in a complete and timely manner.

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