

28 July 2022

## Circular to Credit Institutions on New Banking Rule BR/25 on Financial Holding Companies and Mixed Financial Holding Companies under the Banking Act

The Malta Financial Services Authority (hereunder the 'Authority') is hereby issuing a new Banking Rule as '**BR/25 on Financial Holding Companies and Mixed Financial Holding Companies**' (hereunder '**the Rule**').

The Authority is also issuing two Annexes to the new Rule. '**Annex I**' provides for the **Application Form/s** and '**Annex II**' provides for the **Annual Declaration Form**. Both Annexes are to be submitted to the Authority accordingly in terms of the applicable law and the new Rule.

### **A. Overview**

The CRDV Banking Package consisted of significant amendments to the CRDIV and to the CRR. The amendments were transposed into local legislation and regulations in this respect. One of the salient amendments brought forward by the CRDV, through the new Article 21a, was the introduction of the approval or exemption of financial holding companies and mixed financial holding companies (hereunder the '(M)FHCs') which are, *inter alia*, part of a banking group. The legislative provisions were transposed and presently in force in article 11B and 29AA of the Banking Act (Chapter 371 of the Laws of Malta).

The new Rule is intended to further provide clarity and detail to the industry in relation the new mechanism for the approval or exemption of a (M)FHC falling within the scope of article 11B of the Act.

### **B. Conclusion**

The new Rule and Annexes will come into force with immediate effect. This Circular shall not be construed as a replacement of the provisions of the new Rule and Annexes. The new Rule and Annexes shall prevail in case of any conflict.

Any queries in relation to the above should be directed to Banking Supervision (Policy and Legal) on [bsupolicy@mfsa.mt](mailto:bsupolicy@mfsa.mt).