

19 October 2022

Circular to Credit Institutions on New Banking Rule BR/26 on the Stress Testing Requirements of Credit Institutions Licensed Under the Banking Act

The Malta Financial Services Authority (the 'Authority') is hereby issuing a new Banking Rule as '**BR/26 on the Stress Testing Requirements of Credit Institutions Licensed under the Banking Act**' (the 'Rule'). Consequently, '**BR/12 Annex 2D – Principles on Stress Testing**' shall be repealed.

The Rule specifies the stress testing requirements of credit institutions, and implements the [EBA Guidelines on institutions' stress testing](#). The Rule aims to provide common organisational and methodological requirements to conduct stress testing, as part of the risk management framework of credit institutions. The risk areas to be considered by credit institutions during stress testing, are also included in the Rule.

The Board of Directors remains responsible for approving the stress testing programme, and for ensuring that, clear responsibilities and sufficient resources have been allocated.

The new Rule shall come into force with immediate effect.

This Circular shall not be construed as a replacement of the provisions of the new Rule, and the new Rule 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.