

23 January 2023

Circular to Credit Institutions on the Amendments of Banking Rules BR/01, BR/02, and BR/20

The Authority would like to announce the following changes to the aforementioned Banking Rules as follows:

BR/01- Application Procedures and Requirements for Authorisation of Licences for Banking Activities under the Banking Act 1994 ("BR/01")

BR/01 was amended to include the information required in line with the **EBA Guidelines on a common assessment methodology for granting authorisation as a credit institution under Article 8(5) of Directive 2013/36/EU** ([EBA/GL/2021/12](#)). This means that, potential applicants for authorization to carry out the business of banking must also be guided by these Guidelines and by the **accompanying Regulatory Technical Standards with regard to information for the authorisation of credit institutions under Article 8a(6)(a) of Directive 2013/36/EU** ([EBA/RTS/2020/11](#)).

Kindly refer to the newly added sub-paragraphs (v) and (ix) to paragraph 28 of BR/01, and the newly added paragraph 29.

BR/02 – Large Exposures ("BR/02")

BR/02 has been redrafted following the repeal in January 2014 which took place as a result of the implementation of the Capital Requirements Regulation (Regulation (EU) 575/2013). BR/02 has been redrafted to implement the provisions of the following EBA Guidelines:

- **EBA Guidelines specifying the conditions for the application of the alternative treatment of institutions' exposures related to 'tri-party repurchase agreements' set out in Article 403(3) of Regulation (EU) 575/2013 for large exposures purposes** ([EBA/GL/2021/01](#))
- **EBA Guidelines specifying to criteria to assess the exceptional cases when institutions exceed the large exposure limits of Article 395(1) of Regulation (EU) No 575/2013 and the time and measures to return to compliance pursuant to Article 396(3) of Regulation (EU) No 575/2013** ([EBA/GL/2021/09](#))

BR/20 – Recovery Planning (“BR/20”)

BR/20 is being amended to implement the EBA Guidelines ([EBA/GL/2021/11](#)) in relation to Directive 2014/59/EU (BRRD) and the application of Article 9(1) of the same Directive, specifying the minimum list of quantitative and qualitative indicators for the purposes of recovery planning and expanding in the following areas: calibration of recovery plan indicators and actions and notifications upon a recovery plan indicator breach and monitoring of recovery plan indicators.

Furthermore, a new Part entitled ‘Group Financial Support’ has been included to implement the EBA Guidelines specifying the conditions for group financial support under Article 23 of the BRRD ([EBA/GL/2015/17](#)).

The changes to the Banking Rules described in this Circular 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.