

Feedback Statement on the Consultation Document on Supervisory Reporting by Foreign Branches

Ref: 06-2023

Date: 2 August 2023

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1. Introduction

On 24 May 2023, the Malta Financial Services Authority ('MFSA' or 'Authority') issued a Consultation Document on the Supervisory Reporting submitted to it by EU Branches and Third-Country Branches in Malta of credit institutions established outside of Malta. The purpose of this Consultation Document was to gather feedback from the industry on several proposals targeting **Reporting Requirements** and **Technical Fixes**.

Further to the said Consultation Document, the MFSA is hereby issuing a Feedback Statement on the comments received from stakeholders and the MFSA position thereto.

The Feedback Statement is categorised in two (2) sub-sections of which, one is dedicated to the feedback received regarding the **Reporting Requirements Proposals** and the other to the **Technical Fixes Proposals** as presented in the Consultation Document. The last section of this document outlines the next steps that will be taken by the Authority pursuant to this development.

The contents of this document should be read in conjunction with the [Consultation Document on Supervisory Reporting submitted to the MFSA by EU Branches and Third-Country Branches Established in Malta](#).

2. Feedback Statement

2.1 Reporting Requirements Proposals

Feedback Received

The respondents are in favour of these proposals which are referred to as: **Proposal 1**, **Proposal 2**, and **Proposal 3** in the Consultation Document. The elimination of unnecessary processes and non-applicable requirements were mentioned by respondents as the key advantages emanating from these proposals.

MFSA Position

Affirmative feedback provided from respondents to these set of proposals relating to reporting requirements has been duly noted by the Authority.

2.2 Technical Fixes Proposals

2.2.1 Proposal 4

Feedback Received

For **Proposal 4(a)**, the Authority has not received any feedback from stakeholders.

For **Proposal 4(b)**, affirmative feedback was received in which respondents positively welcomed this proposed enhancement of receiving real-time data quality validation reports.

MFSA Position

No feedback on **Proposal 4(a)** is considered in favour of the proposal.

Affirmative feedback provided from respondents to **Proposal 4(b)** relating to the real-time data quality validation reports has been duly noted by the Authority.

2.2.2 Proposal 5

Feedback Received

One respondent requested more details about the necessity for a branch to have a separate Legal Entity Identifier (LEI¹) from that of its Head Office established outside of Malta.

Another respondent explained that apart from Supervisory Reporting in-scope of this consultation, the branch submits other reporting datasets to the local authorities. The respondent outlined its concern on potential difficulties faced by data users to cross-reference data between the different datasets, seeing that for other reporting datasets the branch is required to use the LEI of its Head Office established outside of Malta. The respondent requested additional guidance from the Authority about this proposal.

MFSA Position

The detailed feedback provided to this proposal has been duly noted and has been carefully reviewed.

In respect to the feedback received to acquire more information from the Authority about the necessity to have a separate LEI Code, as outlined in the Consultation Document the ability to accurately identify an entity through master data information² has become increasingly important. Both EBA and ECB emphasise on an ongoing basis about the cruciality of correct meta-data, also referred to as master data. Furthermore, in principle this proposal is aligned with the ESRB Recommendation on identifying legal entities³ of which one of the main objectives of this recommendation is to ensure that all legal entities established in the Union that are involved in financial transactions obtain and maintain an LEI.

On the feedback provided from the other respondent, prior to the presentation of the proposals, the Authority held various discussions with internal and external data users, gathered feedback from these stakeholders on the proposals and carried out various testing about this matter. Following this, it has been ascertained that the LEI changeover for submissions of Supervisory Reporting is both feasible and technically possible in the Authority's systems. Accordingly, specifically for cross-referencing between datasets reported by the same entity with different LEI identifiers, the Authority has ascertained that this change does not create any issues for data end users nor hinder their ability for cross-referencing. External data users have not raised this specific matter with the MFSA as being problematic.

¹ A 20-character, alpha-numeric code based on the ISO17442 standard which enables a clear and unique identification of legal entities participating in financial transactions.

² For the purpose of this document, master data information is referred to as a set of identification attributes for an entity.

³ ESRB Recommendation ESRB/2020/12.

3. Way Forward

Following the analysis of the feedback received as detailed above, the Authority has commenced with the necessary processes to implement the proposals as presented in the Consultation Document. The Authority shall communicate with the relevant stakeholders in due course to keep them informed regarding the aforementioned implementation.

Any queries or requests for clarifications in respect of the above should be addressed to the Banking Supervision function and submitted in writing via email to Bankingdata@mfsa.mt.