

05 August 2025

Repeal of Banking Rule BR/05 on the Liquidity Requirements of Credit Institutions Authorised under the Banking Act

The Malta Financial Services Authority is hereby repealing Banking Rule BR/05 (the “Rule”) on the liquidity requirements of credit institutions, with immediate effect, in view of the following:

- the Rule was enacted prior to the application of the Capital Requirements Directive (the “CRD”) and the Capital Requirements Regulation (the “CRR”) in the European Union, which together established various parameters for the monitoring and supervision of liquidity of credit institutions;
- liquidity requirements are harmonised through Part Six of the CRR and other regulations issued thereunder, including but not limited to the Commission Delegated Regulation (EU) 2015/61 supplementing the CRR on the liquidity coverage requirement for credit institutions;
- reporting requirements on liquidity are in turn stipulated in the Commission Implementing Regulation (EU) 2024/3117 on supervisory reporting of credit institutions. Such reporting standards set out the liquidity reporting through the common reporting frameworks (COREP). The supervisory returns on liquidity are aimed at monitoring short-term liquidity (LCR) on a monthly basis and long-term liquidity (NSFR) on a quarterly basis. Furthermore, additional liquidity monitoring metrics (ALMM) are required to be submitted by credit institutions, either on a monthly or on a quarterly basis depending on the institution’s size classification;
- the supervision of liquidity is governed by Article 86 of the CRD as transposed in Banking Rule BR/24 on internal governance, while the management of intraday liquidity risk is assessed as part of the SREP process in accordance with the EBA Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing (EBA/GL/2022/03);
- in relation to branches in Malta of credit institutions established outside of Malta, these are considered an integral part of the institution to which they belong and hence the liquidity situation of a branch is monitored as part of the liquidity requirements on the institution established outside of Malta as a whole.

In view the repeal of BR/05, local credit institutions and branches in Malta of credit institutions established outside Malta are no longer required to submit the periodic reporting as required under the Rule.

Any queries in relation to the above should be directed to the Banking Supervision Data Team on bankingdata@mfsa.mt.