



BANK ĊENTRALI TA' MALTA  
EUROSISTEMA  
CENTRAL BANK OF MALTA

**MFSA**

MALTA FINANCIAL SERVICES AUTHORITY

JOINT MEDIA RELEASE

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**Subject: The Central Bank of Malta and the Malta Financial Services Authority establish a Joint Financial Stability Board**

The Central Bank of Malta and the Malta Financial Services Authority (MFSA) have signed a Memorandum of Understanding (MoU) for the setting up of a Joint Financial Stability Board (JFSB).

The objective of this Board is to establish mechanisms of cooperation between the Bank and the Authority so as to formulate macro-prudential policy and to contribute to the safeguarding of the stability of the financial system in Malta. This policy is aimed at strengthening the resilience of the financial system and decreasing the build-up of systemic risks, thereby ensuring a sustainable contribution of the financial sector to economic growth.

In order to achieve this objective, the Board shall have a broad mandate which includes:

- (i) identifying, monitoring and assessing any risks to financial stability;
- (ii) selecting relevant macro-prudential tools to mitigate these risks and formulating policy recommendations;
- (iii) assessing whether relevant macro-prudential tools could have cross-border implications;
- (iv) drafting press statements in respect to macro-prudential policy decisions.

The Board shall look into any issue of a macro or micro-prudential nature that may impact on domestic financial stability. Recommendations of a macro-prudential nature shall be considered for adoption by the Board of Directors of the Central Bank of Malta, while recommendations of a micro-prudential nature shall be considered for adoption by the Board of Governors of the MFSA.

The Board shall also ensure adherence to the recommendations and advice issued by the European Systemic Risk Board (ESRB) and will follow up on any other matters of a macro-prudential nature that the local authorities may need to communicate to the ESRB or other international and local authorities as necessary.

The Board will consist of five members, three senior officials from the Central Bank of Malta and two senior officials from the Malta Financial Services Authority. It will be chaired by the Central Bank of Malta. As a minimum, the Board will convene every quarter.

The setting up of the JFSB is in line with the recommendation adopted by the ESRB in December 2011 regarding the macro-prudential mandate of national authorities. This Recommendation (ESRB/2011/3) provides guiding principles on core elements which should be present in national macro-prudential mandates such as the objective of macro-prudential policy, the institutional arrangements within the national legislative infrastructure, the tasks, powers and instruments of the macro-prudential authority, as well as transparency, accountability and independence aspects related to the macro-prudential authority. The ESRB proposed that this Recommendation would be implemented by EU Member States by not later than 1 July 2013.

For full details of the MoU establishing the Joint Financial Stability Board, please refer to the websites of the Central Bank of Malta or MFSA.