

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

CONSULTATION DOCUMENT

CONSULTATION ON THE PROPOSED REVIEW OF FEES FOR CREDIT AND FINANCIAL INSTITUTIONS FOR THE PERIOD 2014 TO 2018

[MFSA REF.: 15/2013]

Closing Date: 20th November, 2013

Note: The documents circulated by the MFSA for the purpose of consultation are in draft form and consist of proposals. Accordingly, these proposals are not binding and are subject to changes and revisions following representations received from Licence Holders and other involved parties. It is important that persons involved in the consultation bear these considerations in mind.

1. Introduction

Since the Malta Financial Services Authority [MFSA] was established in 2002, the Authority has sought to generate stability and predictability of the regulatory fees charged to licence holders.

Over the last ten years, the MFSA has retained licence fees unchanged for two consecutive periods of five years. The Authority anticipates that the revised fees will remain stable for a further five year period from 2014 to 2018 unless economic or regulatory requirements dictate an earlier review.

2. Proposed Fee Changes for Credit and Financial Institutions

In proposing the new fee structure for all licence holders the Authority has taken into account that over the five year period from 2009 to 2013, the operational costs of the supervisory units have increased as a result of additional resources required to comply with EU structures. It is projected that the resources employed over the forthcoming 5 years will not be materially different from those at the end of the current period. Direct expenses have increased at an average cumulative rate of 10% [ten per cent] per annum whilst shared expenses with other non-supervisory units have increased by 9% [nine per cent].

In the Banking Supervision Unit, 57% [fifty seven per cent] of the Unit's total expenditure is represented by direct expenses while 43% [forty three per cent] constitute indirect expenditure.

Introduction of the revised fees will be effective from 1st January, 2014.

Credit Institutions:

- The current application and licence fees have been re-aligned to the actual cost structures required for granting an authorisation to a credit institution. The separate licence fee is being abolished and a single non-refundable application fee of €35,000 is being introduced.
- The annual supervision fee to be paid by a licensed credit institution will continue to be computed with reference to the deposit liabilities. The applicable deposit liabilities will be those of the year immediately preceding the year when the fees are payable. The annual supervisory fee will be increased from 0.000175 to 0.0002 of deposit liabilities.
- In order to ensure a proportionate share of the supervisory costs related to the size of the deposit liabilities of the licensed credit institution, the current capping of the maximum fee will no longer be applicable. The minimum annual supervisory fees will be increased from the current €21,250 to €25,000.
- A newly licensed credit institution will be required to pay the minimum annual supervisory fee for the first year of operations upon receipt of the license. The fee payable shall be proportionate to the period remaining between the date of the granting of the licence and the end of that calendar year.

Financial Institutions:

- The current application and licence fee have been re-aligned to actual cost structures required for granting an authorisation to a financial institution. The separate licence fee is being abolished and a single non-refundable application fee of €3,500 is being introduced.
- The annual supervision fee to be paid by a licensed financial institution will continue to be computed with reference to the total assets as reported to the Authority in the statutory schedules under BD/06 or BR/06. The applicable total assets will be those of the year immediately preceding the year when the fees are payable. The annual supervisory fee will be increased from 0.000175 to 0.0002 of the total assets.
- In order to ensure a proportionate share of the supervisory costs for the licensed financial institution to be related to the total assets as reported to the Authority in the statutory schedules under BD/06 or BR/06, the current capping of the maximum fee will no longer be applicable. The minimum annual supervisory fees will be maintained at €2,500.
- A newly licensed financial institution will be required to pay the minimum annual supervisory fee for the first year of operations upon receipt of the license. The fee payable shall be proportionate to the period remaining between the date of the granting of the licence and the end of that calendar year.

3. Contact

Interested parties are to send their comments in writing by not later than **20th November 2013** and are to be addressed to the Communications Unit at communications@mfsa.com.mt

Communications Unit
Malta Financial Services Authority
MFSA Ref: 15/2013
6th November 2013