

Consultation Document on Financial Institutions' Prudential Requirements

APPLICABLE TO FINANCIAL INSTITUTIONS LICENSED UNDER THE
FINANCIAL INSTITUTIONS ACT

Ref: 04-2024

Date: 12 June 2024

Closing Date: 12 July 2024

Introduction

This consultation document follows up the [Consultation Document](#) published on the 21st May 2024 whereby the Authority (or the 'MFSA') indicated the future issuance of a revised Financial Institutions ('FI') Return in line with the [Financial Institutions Act](#) ('the Act') and Chapter 3 of the Financial Institutions Rulebook ('the Rulebook'). This shall be applicable to FIs authorised (i) to provide services under the First Schedule to the Act, (ii) payment activities listed in Paragraph 2(a) to 2(g) of the Second Schedule to the Act, or (iii) to issue electronic money in terms of the Third Schedule to the Act.

Approach

The MFSA is formally proposing a unified approach, in the form of a dedicated regulatory return intended to collect and disseminate data for FIs. The FI Return is designed to accommodate the activities of licensees, ultimately improving future supervision.

The FI Return includes the following comprehensive sheets:

- Clients Sheet
- Conduct Sheet
- Cover Sheet
- FI Products Sheet
- FI Services Sheet
- Input Sheet
- Operations Sheet
- Own Funds Calculation Sheet
- Regulatory Requirements Sheet
- Representations Sheet
- Safeguarding Requirements Sheet

As part of the ongoing consultation on the Rulebook, it is to be noted that the **Compliance Officer** shall be responsible for any reporting as to compliance required by the Rulebook.

Reporting Frequency

To determine the frequency of the FI Return submission, kindly consult the Rulebook. More specifically:

- **The Interim FI Return (IFR):** is to be prepared quarterly by the Licence holder at dates three (3), six (6), and nine (9) months after the accounting reference date.
- **The Annual FI Return (AFR):** is to be prepared by the Licence holder within one (1) month from the end of the accounting reference date.
- **The Audited Annual FI Return (AAFR):** is to be prepared by the Licence holder within six (6) months from the end of the accounting reference date.

Advantages of the New FI Return

The new FI Return allows for Licence Holders to report data in multiple currencies as allowed under Article 187 of the Companies Act (Cap. 386). Moreover, the FI Return automatically converts certain data points to EUR based on the European Central Bank exchange rates. Consequently, the FI Return includes a validation feature whereby it systemically ensures data consistency, reliability, and quality. With the use of automation, the FI Return calculates and aggregates the appropriate prudential requirements.

Conclusion

We invite all licensees and other interested parties to submit their feedback on the new FI Return to SUFintech@mfsa.mt by no later than Friday 12 July 2024.

Any queries in relation to the above may also be addressed to SUFintech@mfsa.mt.

Any updates in relation to this consultation will be made available on the Authority's website once the consultation is closed.