

7 October 2024

## Circular to Credit Institutions on the amendments to Banking Rules BR/20 and BR/24

The Authority is hereby issuing revised versions of Banking Rules BR/20 and BR/24 for the purposes on implementing the EBA Guidelines on the Overall Recovery Capacity ('ORC') and the EBA Guidelines on the Benchmarking of Diversity Practices.

### **A. Amendment to BR/20 on Recovery Plans for Credit Institutions:**

Banking Rule BR/20 is being amended to implement the EBA Guidelines on Overall Recovery Capacity ('ORC') (EBA/GL/2023/06), published in July 2023. The EBA developed these Guidelines to achieve a harmonised approach for the determination and assessment of the ORC. Requirements for credit institutions are being implemented through the addition of a new section ('Part V') to the existing Rule.

### **B. Amendment to BR/24 on Internal Governance of Credit Institutions:**

Banking Rule BR/24 on Internal Governance is being amended to implement the EBA Guidelines on the benchmarking of diversity practices including diversity policy and gender pay gap (EBA/GL/2023/08), published in December 2023. The Guidelines' objective is to achieve a higher level of transparency regarding the EBA's work on the topic of diversity and gender equality and is expected to improve the quality of the collected data and raise awareness amongst all stakeholders.

The diversity benchmarking exercise shall be conducted once every three years, starting from 2025 with reference date 31 December 2024. The EBA Guidelines include instructions regarding the selection of institutions forming part of the sample for data collection, the submission of data, reporting, specifications regarding governance systems and data to be submitted, the calculation of the gender pay gap, as well as emphasis on data quality.

The EBA Guidelines are being implemented through an amendment to paragraph 18 of the Rule under the Section 'Role and Composition of the Board of Director and Committees'.

**C. Conclusion**

The revised Rules will come into force with immediate effect.

*This Circular shall not be construed as a replacement of the provisions of the new Rule, and the new Rule shall prevail in case of any conflict. Any queries in relation to the above should be directed to Banking Supervision (Policy and Legal) on [bsupolicy@mfsa.mt](mailto:bsupolicy@mfsa.mt).*