

14th April 2025

Banking Supervision Office
Tel: (356) 2144 1155

Dear Chief Executive Officer,

Re: Publication of Regulatory Update to Credit Institutions

The Authority has published the bi-annual Regulatory Update, aimed at informing credit institutions of the legislative and regulatory developments since its latest publication on the MFSA website. Such Regulatory Updates are intended to support credit institutions in their efforts to comply with the various applicable regulations, including but not limited to those emanating from the Capital Requirements Directive¹ and the Capital Requirements Regulation².

OVERVIEW OF THE REGULATORY UPDATE

Below is a summary of the Regulatory Update published in April 2025, which can be accessed [here](#).

1.0 Background

The Update consists of two Sections, namely:

- 1) **Legislative and regulatory updates** covering new regulations published in the Official Journal of the EU and/or in the Malta Government Gazette, as well as updates to or new rules issued by the Authority,
- 2) **Regulatory developments to watch** covering policy developments taking place at EU level, particularly at the European Banking Authority ('EBA'), as well as from the Basel Committee for Banking Supervision ('BCBS').

¹ Directive 2013/36/EU

² Regulation (EU) No 575/2013

2.0 Legislative and regulatory updates

An overview of the transposition and implementation of the Capital Requirements Directive VI (the “CRDVI”) and the Capital Requirements Regulation III (the “CRRIII”) is provided. In this regard, reference is also made to the [Dear CEO letter](#) published by the Authority as a feedback letter on the findings of the industry-wide survey on banks’ preparedness to the CRRIII that was carried out last year.

Furthermore, this section touches upon some regulations that were published in the Official Journal of the EU. In terms of updates to the local legislative framework, a brief is provided on the implementation of the Markets in Crypto-Assets Regulation (‘MICAR’) and of the Digital Operational Resilience Act (‘DORA’). It also refers to updates in Banking Rules, namely BR/20 and BR/24, for the purpose of implementing EBA Guidelines.

3.0 Regulatory developments to watch

The publication of several technical standards as part of the [EBA roadmap on strengthening the prudential framework](#) is a spotlight in this Regulatory Update. While these regulatory products still need to be published in the Official Journal of the EU, becoming applicable at a future date, credit institutions are expected to initiate preparations for the timely implementation of the new and/or updated requirements.

In addition, the EBA published its final Guidelines on the Management of Environmental, Social and Governance (ESG) Risks, applicable from 11 January 2026 with the exception of small and non-complex institutions, for whom the Guidelines shall apply from a year later. Whilst the Authority is working towards implementing these Guidelines into local legislation, institutions are highly encouraged to assess the obligations emanating from these Guidelines already at this stage and devise a plan to amend their risk management framework, processes and procedures to ensure compliance by the stated application date.

Attention is also given to various developments related to sustainable finance, on the publication by the BCBS of the Guidelines for counterparty credit risk management, and the publication by the EBA of the Report on the short to medium terms objectives as outlined in its heatmap on the interest rate risk in the banking book (IRRBB).

CLOSING REMARKS AND WAY FORWARD

In order to achieve maximum gain from the Authority's efforts in supporting institutions through such Regulatory Updates, Chief Executive Officers are expected to keep abreast of all legislative and regulatory developments impacting credit institutions, and should also ensure that their members of staff are aware of such developments and plan for their timely implementation ensuring compliance with the prudential framework.

Finally, as outlined in several publications, the Authority highly encourages credit institutions to participate in EBA [public consultations](#) on the various regulatory products, namely Guidelines and Technical Standards, as these provide the opportunity for all stakeholders to provide feedback on policy matters. The outcome of such consultations is discussed within the relevant EBA structures ahead of publication of the final requirements.

Yours Sincerely,
Malta Financial Services Authority

Christopher P. Buttigieg
Chief Officer Supervision

Catherine Galea
Head – Banking Supervision

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