

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular to Credit Institutions on Annex 2B of Banking Rule BR/12

The Authority is hereby issuing a revised version of [Annex 2B of Banking Rule BR/12](#) on the *Supervisory Review Process of Credit Institutions authorised under the Banking Act*.

Paragraph 4 of the revised Annex 2B of Banking Rule BR/12 transposes, in part, Article 39 of Directive 2006/43/EC¹ as amended by, *inter alia*, Directive 2014/56/EU² (the “[Statutory Audit Directive](#)”), which sets out the provisions relating to the composition and functions of the audit committee within a public-interest entity. In this regard, it is to be noted that in terms of the Statutory Audit Directive, credit institutions are deemed to be public-interest entities and consequently, the requirements pertaining to the audit committee under Article 39 of the said Directive also apply to credit institutions licensed in terms of the Banking Act (Chapter 371 of the Laws of Malta).

Moreover, paragraph 4 of the revised Annex 2B of Banking Rule BR/12 is also introducing additional requirements as prescribed in the [Commission Recommendation of 15 February 2005 on the role of the non-executive or supervisory directors of listed companies and on the committees of the \(supervisory\) board](#).

It is to be noted that although Annex 2B has been restructured, the MFSA will not be effecting any material changes to the said Annex other than the introduction of the requirements pertaining to the audit committee.

The revised Annex 2B of Banking Rule BR/12 will enter into force with immediate effect.

Communications Unit

Malta Financial Services Authority

9th August 2016

¹ [Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.](#)

² [Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.](#)