

# MFSA

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## MALTA FINANCIAL SERVICES AUTHORITY

### Circular to Credit Institutions

The MFSA wishes to inform credit institutions licensed under the Banking Act Cap. 371 that ***REGULATION (EU) 2017/2395 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State*** (the Regulation), is applicable as from 1 January 2018.

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R2395&from=EN>

Article 473a(9) CRR (new Article introduced as a result of the Regulation) states that:

*“An institution shall decide whether to apply the arrangements set out in this Article during the transitional period and shall inform the competent authority of its decision by 1 February 2018. Where an institution has received the prior permission of the competent authority, it may reverse once, during the transitional period, its initial decision. Institutions shall publicly disclose any decision taken in accordance with this subparagraph.*

*An institution that has decided to apply the transitional arrangements set out in this Article may decide not to apply paragraph 4 in which case it shall inform the competent authority of its decision by 1 February 2018. In such a case, the institution shall set the amount A4 referred to in paragraph 1 as equal to zero. Where an institution has received the prior permission of the competent authority, it may reverse once, during the transitional period, its initial decision. Institutions shall publicly disclose any decision taken in accordance with this subparagraph.”*

In view of the above, credit institutions are required to inform the Authority of their decision regarding the applicability of the arrangements set out in Article 473a at the earliest possible opportunity and certainly by the stipulated due date i.e. 1<sup>st</sup> February 2018.

Any queries in relation to the above should be directed to the Banking Supervision Unit on [bu@mfsa.com.mt](mailto:bu@mfsa.com.mt).

**Communications Unit**  
**5<sup>th</sup> January 2018**