

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular on Appendix 1C - Capital Buffers Requirement Applicable to Category 3 Investment Services Licence Holders

The Authority would like to draw the attention of Category 3 Investment Services Licence Holders that an additional appendix has been issued to supplement Part B1 of the Investment Services Rules for Investment Services Providers titled [Appendix 1C - Capital Buffers Requirement Applicable to Category 3 Investment Services Licence Holders](#) (“the Appendix”).

The referred Appendix together with [Directive No. 11 on Macro-prudential Policy](#) of the Central Bank of Malta (the CBM Directive) transposes, in part, Chapter 4 of Title VII of [Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC](#) (“the CRD IV”).

In accordance with of Chapter 4 of Title VII of the CRDIV, specifically Article 129 and Article 130, Category 3 Investment Services Licence Holders which do not qualify as a small and medium-sized enterprise (SME)¹ are required to maintain a capital conservation buffer and an institution-specific countercyclical capital buffer as from 1 January 2016.

In addition, Category 3 Investment Service Licence Holders which are identified by the Authority, jointly with the Central Bank of Malta, as either a Global systemically important institution (G-SIIs) or other systemically important institutions (O-SIIs), may also be required to maintain a G-SII buffer and O-SII buffer, as applicable, as from 1 January 2016.

In this respect, Category 3 Investment Services Licence Holders are to note that the capital buffer requirements are subject to the transitional periods prescribed in the Appendix mentioned above.

Contacts

Any queries or requests for clarifications in respect of the above should be addressed to Mr John Sammut, Deputy Director, Securities and Markets Supervision Unit by e-mail on jrsammut@mfsa.com.mt or Mr Luciano Brincat, Analyst, Securities and Markets Supervision Unit by e-mail on lbrincat@mfsa.com.mt.

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¹ As defined in [Commission Recommendation 2003/361/EC of the 6th May 2003](#).