

SUBSIDIARY LEGISLATION 204.06

CENTRAL BANK OF MALTA ACT (APPOINTMENT OF DESIGNATE AUTHORITY TO IMPLEMENT MACRO-PRUDENTIAL INSTRUMENTS) REGULATIONS

31st December, 2013*

*LEGAL NOTICE 29 of 2014, as amended by Legal Notices 314 of 2022
230 of 2024 and 278 of 2025.*

1. (1) The title of these regulations is the Central Bank of Malta (Appointment of Designate Authority to implement Macro-Prudential Instruments) Regulations.

Citation and scope.
Amended by:
L.N. 314 of 2022;
L.N. 278 of 2025.

(2) The scope of these regulations is to transpose the provisions of Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, hereinafter referred to as "the Directive", and to implement the provisions of Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor, hereinafter referred to as "the Regulation".

2. (1) The Minister responsible for finance hereby appoints the Central Bank of Malta as the Designate Authority for the purposes of Article 133(3) of the Directive to set the systemic risk buffer and identify the sets of institutions to which it applies and for the purposes of Article 136(1) of the Directive to set the counter-cyclical buffer rate for Malta.

Appointment of
designate authority.
Amended by:
L.N. 314 of 2022;
L.N. 230 of 2024;
L.N. 278 of 2025.

(2) The Minister responsible for finance hereby appoints the Central Bank of Malta, which shall act jointly with the competent authority, as the Designate Authority for the purposes of Article 131(1) of the Directive to identify, on a consolidated basis, global systemically important institutions (G-SIIs), and, on an individual, sub-consolidated or consolidated basis, as applicable, other systemically important institutions (O-SIIs), which have been authorised within Malta.

(3) The Minister responsible for finance hereby appoints the Central Bank of Malta as the Designate Authority for the purposes of Article 458(1) of the Regulation to identify changes in the intensity of macro-prudential or systemic risk in the financial system with the potential to have serious negative consequences to the financial system and the real economy in Malta and which that authority considers would better be addressed by means of stricter national measures, to draft national measures for domestically authorised institutions, or a subset of those institutions, intended to

*see regulation 1(3) of these Regulations as originally promulgated.

mitigate the changes in the intensity of risk and concerning the level of own funds laid down in Article 92 of the Regulation, the requirements for large exposures laid down in Article 392 and Articles 395 to 403 of the Regulation, the public disclosure requirements laid down in Articles 431 to 455 of the Regulation, the level of the capital conservation buffer laid down in Article 129 of the Directive, liquidity requirements laid down in Part Six of the Regulation, risk weights for targeting asset bubbles in the residential and commercial property sector, or intra financial sector exposures, and to be in charge of the application of Article 458 of the Regulation.

(4) The Minister responsible for finance hereby appoints the Central Bank of Malta, which shall act jointly with the competent authority, as the designate authority for the purposes of Article 124(8) of the Regulation to periodically, and at least annually, assess whether the risk weights laid down in Articles 125 and 126 of the Regulation for exposures secured by immovable property located in the territory of Malta are appropriately based on:

- (a) the loss experience of exposures secured by immovable property; and
- (b) forward-looking immovable property markets developments.

(4a) Where on the basis of the assessment referred to in sub-regulation (4), the Central Bank of Malta, acting jointly with the competent authority, concludes that the risk weights established in Article 125 or 126 of the Regulation do not adequately reflect the actual risks related to exposures to one or more property segments secured by mortgages on residential property or on commercial immovable property located in one or more parts of the territory of Malta, and if it considers that the inadequacy of the risk weights could adversely affect the current or future financial stability of Malta, it may increase the risk weights applicable to those exposures or impose stricter criteria than those established in Article 124 of the Regulation.

(4b) The Central Bank of Malta, acting jointly with the competent authority, shall not increase the risk weights to more than one hundred and fifty per cent (150%) as established in Article 124(9) of the Regulation.

(4c) The Central Bank of Malta, acting jointly with the competent authority, may reduce the percentages of the property value referred to in Article 125(1) or in Article 126(1) of the Regulation, or the exposure-to-value (ETV) percentages that define the ETV risk weight bucket established in Article 125(2) or in Article 126(2) of the Regulation. The Central Bank of Malta, acting jointly with the competent authority, shall ensure consistency across all ETV risk weight buckets, such that the risk weight of a lower ETV risk weight bucket is always lower or equal to the risk weight of an upper ETV risk weight bucket.

(5) The Minister responsible for finance hereby appoints the Central Bank of Malta, which shall act jointly with the competent authority as the designate authority for the purposes of Article 164(6) of the Regulation to periodically, and at least annually, assess whether the minimum Loss Given Default (LGD) values, as referred to in Article 164(4) of the Regulation, are appropriate for retail exposures secured by residential property or other retail exposures secured with residential or commercial immovable property located in one or more parts of the territory of Malta, and set higher minimum LGD values for those exposures if these are assessed to be inadequate, and if their inadequacy could adversely affect current or future financial stability in Malta. The said higher minimum LGD values may also be applied at the level of one or more property segments of such exposures.

3. Words and expressions used in these regulations shall have the same meaning as assigned to them in the Central Bank of Malta Act and in the Regulation.

Interpretation.
Added by:
L.N. 278 of 2025.
Cap. 204.