

Malta Bankers' Association

- Statute -

1. NAME

The name of the Association is the “Malta Bankers’ Association” (In this Statute it shall be referred to as the ‘Association’).

2. ADDRESS

The office of the Association shall be at Il-Hagra, Mdina Road, Attard ATD 9032, Malta or any other place which the Association may determine from time to time.

3.1 OBJECTS

The objects of the Association are:

- (a) To identify and discuss matters of common interest to its members and implement or organise the implementation of the relative solution.
- (b) To develop and maintain harmony or coherence in policies on issues of common interest to its members and to lobby and negotiate in support thereof with the authorities and other bodies.
- (c) To discuss developments in the banking and financial services sector.
- (d) To encourage, promote, sponsor or assist in any manner, research on matters relating to banking and finance.
- (e) To strive to enhance the public image of the banking industry in Malta.
- (f) To do all other things which may be incidental, ancillary, consequential or conducive to the attainment of the above objects.

3.2 In pursuing the objects set out in Clause 3.1, the Association and its members shall at all times ensure compliance with competition legislation and rules. To this end, the Association and its members shall adhere to the ‘Competition Policy Code of Conduct’ incorporated in this Statute as Appendix III

4. MEMBERS

Membership in the Association is open to all banks, licensed to operate as such in Malta in terms of the Banking Act, Cap 371, and to European credit institutions which establish

a branch in Malta in terms of the European Passport Rights for Credit Institutions Regulations. New membership applications must be submitted to, and be approved by, the Board.

5. PRESENT MEMBERS

The present members of the Association are listed in Appendix I, which shall be updated by the Secretary General from time to time to reflect any changes in the Association's membership.

6. ESTABLISHMENT OF BOARD AND EXECUTIVE COMMITTEE

The Association shall have a Board and an Executive Committee.

7. THE BOARD

- 7.1 COMPOSITION** - The Board shall be composed of the Chief Executive Officer or a Senior Executive of those member banks to which extra shares have been assigned for budget purposes in accordance with clause 11.4. PROVIDED that if the number of such banks is less than ten, the remaining member banks will elect from among themselves a number of additional Board members so as to bring the total number of Board members to ten. Elections for this purpose, if called for, shall be held every year at the Annual General Meeting.

All eligible Board members will hold office from conclusion of the Annual General Meeting following approval of the Budget for that same calendar year, till the conclusion of the next Annual General Meeting.

All Chief Executive Officers or Senior Executives sitting on the Board shall be members of the Board but not members of the Association where membership is limited only to banks as aforesated.

- 7.2 REPRESENTATION** - The legal representation of the Association shall vest in the Board. Contracts and/ or transactions with third parties shall only be binding on the Association if signed jointly by the Chairperson of the Board and another member of the Board. The judicial representation of the Association shall vest in the Chairperson of the Board PROVIDED that (i) no judicial proceedings are to be initiated without the approval of the Board, (ii) the Board may, at any time, confirm and ratify any proceedings started by the Chairperson of the Board without the Board's approval, and (iii) the Chairperson of the Board is to bring to the notice of the Board as soon as practical, the fact of the service on him of any judicial act.

- 7.3.1 POWERS** - The Board shall be primarily responsible for establishing policy rules or guidelines to be followed by all the members of the Association and to establish tasks which are to be studied and/ or implemented by the Executive Committee.
- 7.3.2** The Board shall also have the power to decide on any issue of a general or specific nature and shall also establish the priority in attention and dealing to be given or followed by the Executive Committee.
- 7.3.3** The Board may decide any issue or matter of whatever nature definitively or refer any issue, matter or task to the Executive Committee for study and/ or implementation within the specific terms of reference given.
- 7.4.1 MEETINGS OF BOARD** - The Board shall meet as often as its representatives deem necessary, but not less than twice a year.
- 7.4.2** The members of the Board should seek to achieve unanimity of ideas, but if this cannot be achieved, decisions should be taken by a simple majority of members present and voting. The Chairperson shall have no casting vote.
- 7.4.3** The Board shall have a Chairperson and a Deputy Chairperson, both of whom shall be elected every year, upon conclusion of the Annual General Meeting for that year, by and from amongst the representatives of the member banks which at the time are designated as “core domestic banks” by the local competent authorities for financial stability purposes.

Provided that if the Chairperson is elected from one of the two “core domestic banks” which have contributed the highest amounts to the Association’s Budget for that year, then the Deputy Chairperson shall be elected from among the “core domestic banks” other than the two aforementioned banks; and conversely, if the Chairperson is elected from among one of the “core domestic banks” other than the two banks which have contributed the highest amounts to the Association’s Budget for that year, then the Deputy Chairperson shall be elected from one of the two latter banks.

Provided further that if during the course of a year of office (current year) the Chairperson or Deputy Chairperson of the Board no longer remains the representative of the member bank represented by him, the new representative of that member bank shall automatically be the Chairperson or Deputy Chairperson of the Board until the end of that current year.

- 7.4.4** The members of the Board are expected to attend all meetings, but a member may nominate an alternate member in his stead. Such alternate member may be another member of the Board of the Association, or a Senior Executive of the Bank represented by the nominating member. The name of the alternate member must be advised in writing to the Board before or at the beginning of the meeting.
- 7.4.5** The alternate member shall be considered for all intents and purposes as an ordinary member of the Board during the meeting for which he is nominated and shall, if applicable, have a vote for every member nominating him.

- 7.4.6** A member of the Board may be accompanied by one or more persons who is/ are not members of the Board for the purpose of assistance on technical matters. Such accompanying person shall not have a right to vote.
- 7.4.7** If the Chairperson of the Board is not present at a meeting of the Board, his post shall be filled during that meeting by the Deputy Chairperson of the Board. In the absence of both the Chairperson and the Deputy Chairperson at a meeting of the Board, the representatives present of the other banks which are designated as “core domestic banks” by the competent authorities for financial stability purposes shall elect from among themselves a Chairperson for that meeting.
- 7.4.8** Six members of the Board shall constitute a quorum. In the absence of a quorum after the lapse of thirty minutes from the time notified for the meeting (i) the member or members present shall adjourn the meeting to another day (not being less than eight and not more than twenty days) at the same time and place and with the same agenda, but (ii) if no member is present, the meeting shall be cancelled.
- 7.4.9** The Secretary of the Board shall on the request of the Chairperson of the Board convene meetings of the Board provided that if a meeting has not been called for a period exceeding six months, any member of the Board shall have the right to convene such a meeting.
- 7.4.10** A meeting shall be considered properly called if all members of the Board have been notified of the date, time and place of the meeting at least seven days before the date of such meeting; provided that in matters of urgency a twenty four hour notice shall be considered sufficient notice. An urgent meeting may be called only on the initiative of the Chairperson of the Board or the expressed wish of not less than two members of the Board duly notified to the Secretary.
- 7.4.11** A member of the Board may waive the notice period of any meeting and any such meeting held with the consent of all the members without the preceding notice period shall be considered valid.
- 7.4.12** The calling of a meeting shall also contain an agenda unless the matter is of an urgent nature or the members of the Board have waived this requirement before or during the meeting so convened.
- 7.4.13** The Board may regulate its procedure as the representatives may, by majority agreement, deem fit.
- 7.4.14** A resolution in writing, signed by all the members for the time being entitled to receive notice of a meeting of the Board, shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held.
- 7.5.1** **MINUTES** - Proceedings of all meetings of the Board shall be recorded and the minutes shall be submitted to the next following meeting for approval and signature by the Chairperson of the Board.

7.5.2 Such records shall be considered strictly confidential and shall be kept by the Secretary of the Board.

8. THE EXECUTIVE COMMITTEE

8.1 **COMPOSITION** - The Executive Committee shall be composed of a Senior Executive from each member bank of the Association. Each member of the Executive Committee may be accompanied by another person to assist the specific agenda matters, but such accompanying person shall not be considered a member of the Executive Committee.

8.2 **POWERS** - The Executive Committee shall implement the policies or policy guidelines or any task entrusted to it by the Board within the set terms of reference, and shall also consider matters of common interest within the parameters set by the Board.

8.3.1 **MEETINGS** – The Executive Committee shall be chaired by a representative of the member bank whose representative has been elected Deputy Chairperson of the Board in accordance with Clause 7.4.3.

Provided that if during the course of a year of office (current year) the Chairperson of the Executive Committee no longer remains the representative of the member bank represented by him, the new representative of that member bank shall automatically be the Chairperson of the Executive Committee until end of the current year.

8.3.2 The Executive Committee may regulate its procedure as the members may, by majority agreement, deem fit.

8.4 Six members of the Committee shall constitute a quorum. In the absence of a quorum after the lapse of thirty minutes from the time notified for the meeting (i) the member or members present shall adjourn the meeting to another day (not being less than eight and not more than twenty days) at the same time and place and with the same agenda, but (ii) if no member is present, the meeting shall be cancelled.

8.5 The members of the Executive Committee should seek to achieve unanimity of ideas, and no voting shall take place.

8.6 The Secretary of the Board shall also act as Secretary of the Executive Committee.

8.7 The Executive Committee shall meet as necessary, but in any case not less than once every three months.

8.8 A meeting shall be considered properly called if all members of the Executive Committee have been notified of the date, time and place of the meeting at least seven days before the date of such meeting; provided that in matters of urgency a twenty four hour notice shall be considered sufficient notice. An urgent meeting may be called only on the

initiative of the Chairperson of the Executive Committee or the expressed wish of not less than two members of the Executive Committee duly notified to the Secretary.

- 8.9** The calling of a meeting shall also contain an agenda unless the matter is of an urgent nature or the members of the Executive Committee have waived this requirement before or during the meeting so convened.
- 8.10** A member of the Executive Committee may be withdrawn by the Bank which such member represents and may be substituted by another Senior Executive.
- 8.11** A member of the Executive Committee may nominate an alternate member provided the latter is a Senior Executive of a member of the Association. The name of the alternate member must be advised in writing before or at the beginning of the meeting.
- 8.12** The alternate member shall be considered for all intents and purposes as an ordinary member of the Executive Committee during the meeting for which he is nominated and shall, if applicable, have a vote for every member nominating him.
- 8.13** The Executive Committee may form sub-committees composed of persons (not necessarily members of the Committee) chosen by the Executive Committee, for the purpose of researching, completing or commenting on any task assigned.
- 8.14** **MINUTES** - Proceedings of all meetings of the Executive Committee shall be recorded and the minutes shall be submitted to the next following meeting for approval and signature by the Chairperson of the Executive Committee.
- 8.15** Such records shall be considered strictly confidential and shall be kept by the Secretary of the Executive Committee.

9. THE SECRETARY GENERAL

- 9.1** The Association shall have a Secretary General who shall also act as Secretary of the Board and the Executive Committee. He shall not be a member of the Board or the Executive Committee and will not have any right to vote.
- 9.2** The Secretary General shall be responsible for the recording of meetings, sending of circulars or notices, and for the keeping of all records of the Association, Board and Executive Committee. He shall also have such other powers and duties as the Board shall determine from time to time.
- 9.3** The Secretary General shall have an honorarium as decided by the Board.
- 9.4** The Secretary General shall hold office for a period or periods to be established by the Board.

10. **TERMINATION OF MEMBERSHIP OF ASSOCIATION**

Membership of the Association is terminated by a member's:

- (a) resignation, provided that the resigning member shall remain responsible for any unfulfilled obligations;
- (b) ceasing to carry on the business of banking in Malta and/ or having its licence revoked or suspended in terms of law;
- (c) exclusion – a member who has acted in serious breach of agreements or whose activity or non-activity is considered to be detrimental to the other members of the Association, or to the national economy, may be considered for exclusion on presentation to the Chairperson of the Board of a motion by at least two members of the Association.
 - i. Upon receipt of the motion, the Chairperson shall convene an ad hoc meeting of the Board to consider the motion, such meeting to be held not later than 15 days from receipt of the motion. The member concerned will be given the opportunity to be heard at this Board meeting, but otherwise will not participate in or vote at the meeting if that member is represented on the Board.
 - ii. The Board will decide whether or not to proceed to convene an Extraordinary General Meeting to consider the motion further. Such Board decision will be taken in line with clause 7.4.2 of the Statute i.e. by a simple majority of Board members present and voting. The Chairperson shall have no casting vote.
 - iii. If the Board decides to put the motion to an Extraordinary General Meeting, the Chairperson will forthwith issue a written notice to all members of the Association, stating the purpose of the meeting. Such notice must be dispatched to members not less than 10 days before the date fixed for the meeting. The member concerned will again be given the opportunity to be heard at the Extraordinary General Meeting, but otherwise will not participate in or vote at the meeting.
 - iv. The motion will be put to the vote of the other members of the Association by secret ballot, and shall be effective only if agreed to by at least two thirds of the members present. PROVIDED, however, that the votes cast in favour also total at least two thirds of the votes held by the members present.
- (d) non-payment of contributions – when a member is in arrears in an amount equivalent to one year and fails to settle the arrears within thirty days from a written intimation by the Secretary General.

11. FINANCE

- 11.1** The financial year of the Association shall begin on 1st January and end on 31st December.
- 11.2** Annual budgets must be drawn up and approved unanimously by the Executive Committee.
- 11.3** The annual basic contribution shall amount to 30% of the total contribution for that financial year, equally divisible by the number of members, to which shall be added further contributions in accordance with clause 11.4.
- 11.4** The outstanding balance of the budget which is not covered by members' basic contributions shall be covered by additional contributions based on a number of extra shares assigned to members according to the number of staff (without distinction as to status) employed by them as at 31st December of the year immediately preceding the year in respect of which the budget is drawn up.

The distribution of these extra shares shall be made on the basis of the said criteria as detailed in Appendix II.

- 11.5** The Association shall keep an account or accounts with any bank which the Association shall deem fit. These accounts shall be operated by the Secretary General or by another employee of the Association as may be resolved from time to time by the Chairperson of the Board

12. ANNUAL GENERAL MEETING

- 12.1** The Annual General meeting shall be held not later than 31st May of each year.
- 12.2** The following matters only shall be considered at the Annual General Meeting:
- (a) The Annual Report and Accounts of the Association;
 - (b) Appointment of an Auditor of the Association;
 - (c) Election of Board members in terms of clause 7.1.
- 12.3** Notice of the Annual General Meeting must contain the Agenda and must be dispatched to the members of the Association not less than ten (10) days before the date fixed for the meeting.
- 12.4** The Chairperson of the Board at the time of the General Meeting shall act as Chairperson of the General Meeting.
- 12.5** The provisions of clause 7.4.4 shall also apply to an Annual General Meeting.

- 12.6** If the Chairperson of the Board is not present at the General Meeting, the post of Chairperson at the General Meeting shall be filled during that meeting by the Deputy Chairperson of the Board. In the absence of both the Chairperson and the Deputy Chairperson at the General Meeting, the representatives present of the other banks which are designated as “core domestic banks” by the competent authorities for financial stability purposes shall elect from among themselves a Chairperson for that General Meeting.
- 12.7** A simple majority of members entitled to attend and vote at the meeting will constitute a quorum.
- 12.8** Each member bank will have a number of votes proportional to the member’s contribution to the budget for the year in which the vote takes place, such that each Euro 1 contributed will entitle the member to one vote.
- 12.9** Decisions shall be passed with the consent of a simple majority of members present. PROVIDED, however, that the votes cast in favour also total at least more than 50% of the votes held by members present.

13. EXTRAORDINARY GENERAL MEETINGS

- 13.1** An Extraordinary General Meeting shall be called at the request of not less than half the total number of members, or by the Chairperson of the Board pursuant to clause 10(c)(iii) of the Statute.
- 13.2.** Such meetings shall be conducted in accordance with clauses 12.3, 12.4, 12.5, 12.6, and 12.7.
- 13.3** Decisions shall be passed in accordance with clauses 12.8 and 12.9, except that the exclusion of a member shall require approval as stipulated in clause 10(c)(iv) of the Statute.
- 13.4** A resolution in writing, signed by all the members for the time being entitled to receive notice of and to attend and vote at an Extraordinary General Meeting, shall be as valid and effectual as if it had been passed at an Extraordinary General Meeting duly convened and held.

14. AMENDMENTS OF THIS STATUTE

Amendments of this Statute shall be carried out at an Extraordinary General Meeting convened for this purpose.

15. LIQUIDATION

In case of liquidation of the Association, the assets of the Association shall be disposed of according to decisions taken in an Extraordinary General Meeting.

Approved at an Extraordinary General Meeting of the Association held on 9 October 2019 to take effect as from that date.

Secretary General

Malta Bankers' Association Members as at 09 October 2019

AgriBank p.l.c.
Akbank T.A.S.
APS Bank p.l.c.
BNF Bank p.l.c.
Bank of Valletta p.l.c.
CommBank Europe Ltd.
Credorax Bank Ltd.
Credit Europe Bank N.V.
ECCM Bank p.l.c.
FCM Bank Ltd.
Ferratum Bank p.l.c.
FIMBank p.l.c.
Garanti BBVA Malta Branch
HSBC Bank Malta p.l.c.
IIG Bank (Malta) Ltd.
Izola Bank p.l.c.
Lombard Bank Malta p.l.c.
MeDirect Bank (Malta) p.l.c.
Merkanti Bank Ltd.
NBG Bank Malta Ltd.
Novum Bank Ltd.
Sparkasse Bank Malta p.l.c.
Yapi Kredi Bank Malta Ltd.

Distribution of extra shares for budget purposes

The distribution of extra shares shall be made on the basis of the criteria set out in clause 11.4 as follows:

Number of Staff	Number of extra shares
0-24	0
25-49	1
50-99	2
100-149	3
150-199	4
200-249	5
250-299	6
300-349	7
350-399	8
400-449	9
450-499	10
500-599	11
600-699	12
700-799	13
800-899	14
900-999	15
1,000-1,199	16
1,200-1,399	17
1,400-1,599	18
1,600-1,799	19
1,800-1,999	20

The determination of the individual shares shall be based on the figures for the financial year t-1 which must be notified to the Secretariat by 31st January of financial year t.

Failing such notification, the Secretariat shall determine the number of extra shares for the member concerned by estimating the number of persons employed by the member on the basis of such external information as it is able to obtain.

Competition Policy Code of Conduct

This Code of Conduct has been prepared in order to ensure MBA's compliance with the competition rules. Adherence to the following antitrust guidance will help to ensure that all meetings within the framework of the Malta Bankers' Association (MBA), such as Board meetings, Executive Committee meetings and Sub-Committee/Working Group meetings do not give rise to any competition concerns. These antitrust guidelines complement any existing compliance programmes of individual MBA members.

Membership of the Association must be non-discriminatory and transparent

The Association must ensure that rules and admission criteria for membership of the Association are at all times transparent, proportionate, non-discriminatory and based upon objective standards. Membership of the Association and any of its committees is at all times on a voluntary basis.

Association to act in accordance with competition rules

The MBA is a fora for the exchange of information and concerns of general interest relating to the development of the market. It will at no point in time serve as a fora for the exchange of competitively sensitive information between its members. In particular, the Association binds itself to never:

1. take decisions or make recommendations which prevent the members from taking independent commercial decisions;
2. issue formal or informal pricing or output recommendations to its members;
3. develop Association rules or practices that restrict members from advertising their prices or discounts, soliciting for business or otherwise competing with other members;
4. require members to provide the Association with competitively sensitive information, such as information about pricing and/or output intentions;
5. publish messages suggesting that lower prices means lower quality;
6. adopt rules that restrict members' advertising and promotional business practices, beyond ensuring such practices are legal, truthful and not misleading;
7. prevent members from using different standard contractual conditions from any developed by the Association itself, if they wish to do so;
8. set and promote any industry standards, codes of practice or standard terms and conditions which raise barriers to market entry or discriminate against any particular group of customers.

MBA members should not exchange competitively sensitive information

The discussion between MBA members should be limited to exchanging information and discussing concerns of general interest to the development of the market, and should not involve any exchange of competitively sensitive information. In particular, the following information should not be exchanged:

- Pricing information including current/recent pricing and future pricing intentions;
- Current/recent customer information;
- Future customer strategy;
- Current/recent margin information; and
- Current input/supply costs.

All MBA Meetings should follow a standard procedure

All MBA meetings should be conducted in accordance with the following standard procedure:

- (i) All MBA sub-committees should have written Terms of Reference.
- (ii) Written Agendas and Minutes should be prepared for all MBA meetings.
- (iii) In the context of less formal meetings, it will be sufficient for a Note for Record to only indicate the topics discussed, what was agreed, and any action points arising.
- (iv) If a topic which could give rise to antitrust concerns is ever raised during an MBA meeting, the Chairperson should terminate the discussion immediately and such termination noted in the Minutes.