

SECOND SUPPLEMENT TO THE GIBRALTAR GAZETTE

No. 5279 GIBRALTAR Thursday 22nd January 2026

LEGAL NOTICE NO. 19 OF 2026

FINANCIAL SERVICES ACT 2019

FINANCIAL SERVICES (CREDIT INSTITUTIONS AND CAPITAL REQUIREMENTS) (AMENDMENT) REGULATIONS 2026

In exercise of the powers conferred on the Minister by sections 55C, 620, 621 and 627 of the Financial Services Act 2019, the Minister has made these Regulations-

Title.

1. These Regulations may be cited as the Financial Services (Credit Institutions and Capital Requirements) (Amendment) Regulations 2026.

Commencement.

2. These Regulations come into operation on the day of publication.

Amendment of the Financial Services (Credit Institutions and Capital Requirements) Regulations 2020.

3.(1) The Financial Services (Credit Institutions and Capital Requirements) Regulations 2020 are amended as follows.

- (2) In regulation 16(1)(c), for “the Schedule to these Regulations” substitute “Schedule 1”.
- (3) In regulation 25(5), for “the Schedule” substitute “Schedule 1”.
- (4) After regulation 61, insert-

“Chapter 5 Assessment of step-in risk

Definitions.

61A. In this Chapter-

“CRR consolidation entity” means the Gibraltar parent financial holding company, the Gibraltar parent mixed financial holding company or the Gibraltar parent institution;

“excluded entity” means-

- (a) an insurance undertaking;
- (b) a third country insurance undertaking;
- (c) an insurance holding company;
- (d) a credit institution;
- (e) an investment firms to which regulation 4(3) or (7) of the Financial Services (Investment Firms) (Prudential Requirements) Regulations 2021 applies; or
- (f) where an institution is part of a consolidation group, an undertaking included within the scope of the institution's prudential consolidation on a full consolidation basis;

“immaterial step-in entity” means a step-in entity which, when step-in risk is considered both individually and in combination with other similar entities, would not, given its size relative to the institution, materially impact the institution's liquidity or capital positions;

“material step-in entity” means a step-in entity other than an immaterial step-in entity;

“step-in entity” means an unconsolidated entity identified in accordance with regulation 61F(1)(a);

“step-in risk” means the risk that the institution provides financial support to a step-in entity in stressed conditions, in the absence of, or in excess of any contractual obligation to do so;

“step-in risk assessment” means the assessment carried out in accordance with this Chapter including completion of the data items required by regulation 61J;

“step-in risk policy” means the policies and procedures established in accordance with regulation 61H;

“step-in sponsor” means a sponsor or an institution that manages or advises an unconsolidated entity, places its securities into the market or provides it with liquidity or credit enhancements;

“unconsolidated entity” means an undertaking other than an excluded entity, including, for example–

- (a) securitisation special purpose entities;
- (b) asset management companies;

- (c) financial institutions;
- (d) ancillary services undertakings;
- (e) suppliers of material outsourced services, where weakness or failure of those services may raise serious doubt as to the institution's continuing satisfaction of the threshold conditions; or
- (f) where the institution is a member of a consolidation group, undertakings that have been included within the scope of prudential consolidation on a proportional consolidation basis and those that have been consolidated using the equity method.

Level of application.

- 61B.(1) An institution must comply with this Chapter on an individual basis unless it is a CRR consolidation entity.
- (2) A CRR consolidation entity must comply with this Chapter on the basis of its consolidated situation.
 - (3) An institution that is required to comply with Parts 2 and 3 of the CRR on a sub-consolidated basis must comply with this Chapter on the same basis.
 - (4) A CRR consolidation entity that is required to comply with Parts 2 and 3 of the CRR on a sub-consolidated basis must comply with this Chapter on the same basis.
 - (5) For the purposes of sub-regulations (1) and (2), references to an institution in the following provisions of this Chapter include a CRR consolidation entity.

Managing step-in risk.

- 61C. An institution must–
- (a) identify, monitor and manage step-in risk; and
 - (b) take all reasonable steps to mitigate significant step-in risk in respect of its material step-in entities.

Strategies, processes and systems.

- 61D.(1) An institution must have in place sound, effective and comprehensive strategies, processes and systems that enable it to comply with regulation 61C.
- (2) The strategies, processes and systems required by sub-regulation (1) must be proportionate to the nature, scale and complexity of the institution's activities.

Step-in risk assessment.

61E. An institution must prepare and regularly update its step-in risk assessment.

Identification of step-in entities.

61F.(1) An institution must identify–

- (a) all unconsolidated entities with which it has one or more of the following relationships–
 - (i) step-in sponsor;
 - (ii) debt or equity investor (excluding investments that arise from market-making activities); or
 - (iii) other contractual or non-contractual exposure;
 - (b) immaterial step-in entities; and
 - (c) material step-in entities.
- (2) In sub-regulation (1)(a)(iii), “other contractual or non-contractual exposure” means where an institution is exposed to equity-like returns from the assets of an unconsolidated entity or risks related to that undertaking’s performance.
- (3) For the purpose of complying with sub-regulation (1), an institution is not required to identify a relationship with a securitisation special purpose entity where–
- (a) the only relationship the institution has with the SSPE is in relation to a securitisation which the SSPE was established to carry out and in which the institution only holds a senior securitisation position; and
 - (b) the institution is not an original lender, originator or sponsor in relation to the securitisation.

Assessment of material step-in entities.

61G.(1) An institution must assess whether step-in risk in respect of its material step-in entities is significant.

- (2) When undertaking the assessment required by sub-regulation (1), an institution must consider at least–
- (a) the purpose and design of the material step-in entity; and
 - (b) the risk indicators set out in data item SI02.00 in Schedule 2.

- (3) An institution must assess the potential impact on the institution of providing financial support to a material step-in entity were step-in risk to materialise.

Step-in risk policy.

61H.(1) An institution must document its policies and procedures for assessing step-in risk.

- (2) An institution's step-in risk policy must—
- (a) set out the persons responsible for identifying, assessing, monitoring, and managing the institution's step-in risk;
 - (b) describe the institution's approach to identifying material step-in entities and immaterial step-in entities;
 - (c) describe the institution's approach to the assessment required by regulation 61G; and
 - (d) describe the process used to obtain the necessary information to conduct the step-in risk assessment.
- (3) The content and level of detail of an institution's step-in risk policy must be proportionate to the nature, scale and complexity of the institution's activities.
- (4) An institution's step-in risk policy must be reviewed—
- (a) regularly, and at least every three years; and
 - (b) whenever there is any material change in the types of step-in entity or in the risk profile of unconsolidated entities to which the institution is, or may be, exposed.
- (5) An institution must provide the current version of its step-in risk policy to the GFSC on request.

Governance.

61I. An institution must ensure that its management body approves—

- (a) its step-in risk assessment; and
- (b) its step-in risk policy.

Reporting requirements.

- 61J.(1) An institution must submit the following data items representing its step-in risk assessment to the GFSC, using the templates for those data items set out in Schedule 2–
- (a) data item SI700.00;
 - (b) data item SI01.00, if the institution identifies a step-in entity; and
 - (c) data item SI02.00, if the institution identifies a material step-in entity.
- (2) An institution must submit the data items it is required to complete by sub-regulation (1) to the GFSC at the same time as the institution submits the written record of its internal capital adequacy assessment process to the GFSC.”.
- (5) In regulation 150–
- (a) in sub-regulation (1), for “the Schedule” substitute “Schedule 1”;
 - (b) in sub-regulation (4), for “the Schedule” substitute “Schedule 1”.
- (6) In regulation 155(2)(b), for “the Schedule” substitute “Schedule 1”.
- (7) Re-number the Schedule as Schedule 1.
- (8) After Schedule 1, insert–

“SCHEDULE 2

Regulation 61J

STEP-IN REPORTING TEMPLATES

SI700.00 – General Information (SI0).

0010	Basis of reporting (select from list)	
0020	Firm reference number	
0021	LEI code	
0030	Name of the firm	
0040	Reporting period start date	
0050	Reporting period end date	
0060	Reporting currency	
0070	Do you wish to submit a nil return?	

SI01.00 – Identification of step-in entities (SI1)

ENTITY OR GROUP OF ENTITIES - IDENTIFICATION				
Code	Type of Code	Entity Type	If “other” in 030, please provide a description	Total asset size of entity
0010	0020	0030	0040	0050

ENTITY OR GROUP OF ENTITIES - IDENTIFICATION				
Typical contractual exposure to the entity	Is the entity material?	Materiality level	Material entity group code (where applicable)	Explanation
0060	0070	0075	0080	0090

SI02.00 – Detailed reporting of material step-in entities (SI2).

ENTITY OR GROUP OF ENTITIES				
Code	Type of Code	Name of Entity	Entity Type	Material entity group (where applicable)
0010	0020	0025	0030	0035

ENTITY OR GROUP OF ENTITIES				
Purpose and design	Total asset size of the entity	Methodology used to estimate potential impact	Type of support anticipated	Size of support anticipated (nominal)
0040	0050	0060	0070	0080

STEP-IN RISK ESTIMATES			
Impact on CET1 ratio (percentage points)	Impact on leverage ratio (percentage points)	Impact on LCR (percentage points)	Impact on NSFR (percentage points)
0090	0100	0110	0120

NATURE OF RELATIONSHIP			
Sponsor	Debt investor	Equity investor	Other contractual/non-contractual relationship
0130	0140	0150	0160

RISK INDICATOR ANALYSIS				
Nature and degree of sponsorship	Degree of influence	Implicit support	Capitalisation and reliance on leverage	Liquidity stress/first-mover incentive
0170	0180	0190	0200	0210

RISK INDICATOR ANALYSIS				
Transparency and disclosure	Investor disclosure	Accounting disclosure	Investor risk alignment	Reputational risk (branding/cross-selling)
0220	0230	0240	0250	0260

RISK INDICATOR ANALYSIS				
Historical dependence	Regulatory restrictions	Other	Is step-in risk significant?	Rationale for significance determination
0270	0280	0285	0290	0295

RISK MANAGEMENT		
Risk mitigation		Next steps
Mitigants employed	In existing ICAAP/ILAAP	
0300	0310	0320

”.

Transitional provision.

4.(1) An institution which was carrying on the regulated activity of accepting deposits immediately before the appointed day and continues to do so after that date, must comply with the requirements of Chapter 5 of Part 4 of the Financial Services (Credit Institutions and Capital Requirements) Regulations 2020 by 31st July 2026.

(2) In this regulation–

“appointed day” means the day on which these Regulations come into operation; and

“institution” has the meaning given in regulation 2(1) of the Financial Services (Credit Institutions and Capital Requirements) Regulations 2020.

Dated: 22nd January 2026.

N FEETHAM KC,
Minister with responsibility for Financial Services.

EXPLANATORY MEMORANDUM

These regulations amend the Financial Services (Credit Institutions and Capital Requirements) Regulations 2020. They introduce new requirements in respect of identifying, reporting and mitigating “step-in” risk; the risk that a credit institution may be required to provide financial support, beyond its contractual obligations, to an unconsolidated entity that is facing stress.