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## MALTA FINANCIAL SERVICES AUTHORITY

### Circular 15/18

#### Amendments to Chapter 4 & Chapter 5 Listing Rules

#### [1] European Single Electronic Format

##### 1.1 Background

Article 4, Annual Financial Reports, Sub-Article (7), of the Transparency Directive as amended, provides that *‘with effect from 1 January 2020 all annual financial reports shall be prepared in a single electronic reporting format provided that a cost-benefit analysis has been undertaken by the European Supervisory Authority (European Securities and Markets Authority) (ESMA) established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council’*.

ESMA has prepared and submitted to the European Commission (EC) the final report on the Regulatory Technical Standard on the European Single Electronic Format (18 December 2017 | ESMA32-60-204).

##### 1.2 Details of the Amendment

The Authority would like to bring to your attention the following amendments passed in the Listing Rules, specifically in the Definitions Section and Chapter 5 of the Listing Rules, as follows (the additional new listing rule is in italics and bold):

**NEW Definition:**        **European Single Electronic Format** – *‘The European Single Electronic Format is the electronic reporting format in which issuers on EU regulated markets shall prepare their annual financial reports from 1 January 2020.’*

**NEW Listing Rule 5.56A:**

*‘With effect from 1 January 2020 all annual reports shall be prepared in a single electronic reporting format.’*

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### [2] Transparency through the Company's web-site

#### 2.1 Background

In order to enhance market transparency, the homepage of the web-site of issuers of listed financial instruments should include a standardised easy to access 'investor information' section from which investors can obtain current information on the company.

#### 2.2 Details of the Amendment

The Authority would like to bring to your attention the following amendment passed in Chapter 5 of the Listing Rules as follows (the new listing rule is in italics and bold):

QUOTE

[New Sub-Title] *Transparency through the Company's web-site*

**NEW READING of Listing Rule 5.259** *'Issuers of Securities listed on a Regulated Market and Malta is the Home Member State, shall have a website. The homepage of the website shall include an easy to access 'investor information' section from which investors can obtain current information on the company.'*

**NEW READING of Listing Rule 5.260** *'The 'investor information' section on the homepage of the web-site of Issuers of Securities listed on a Regulated Market and Malta is the Home Member State shall include at least the following content, preferably by way of a drop-down menu:*

**5.260.1** *Strategic Objectives: Company objectives and description of operations;*

**5.260.2** *Company Structure: Information on listed entity including the amount of share capital, type of securities listed, the registered office of the company, as well as information on the parent and subsidiaries, if applicable, including shareholdings;*

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- 5.260.3** *Corporate Governance: Details of the Directors, Chairman, Chief Executive Officer as well as information on the composition of the company's Audit Committee, providing details of the non-executive and independent members of the Audit Committee who is competent in accounting and/or auditing. This section should also include information on the Company's external auditors and on other committees relating to corporate governance established by the Company;*
- 5.260.4** *Company Notifications and Publications: Company announcements, press releases and links to other company publications (e.g. annual reports, prospectuses, corporate governance statement, Memorandum & Articles of association);*
- 5.260.5** *Financial Statements: Summary of the Company's latest financial statements and Group financial statements (where relevant) namely summary profit and loss, balance sheet and cash flow statements; comparative figures for two years should be shown;*
- 5.260.6** *Borrowings from the Financial Market: Updated details of borrowings from the financial market on a solo and (where applicable) aggregated on a Group basis, with information on related sinking funds; and*
- 5.260.7** *Investors Help Line: Contact persons, telephone numbers and web feedback.*

UNQUOTE

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### [3] Implementation of certain Articles of the Prospectus Regulation

As part of its capital markets union action plan, in June 2017 the EU adopted Regulation 2017/1129 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “Prospectus Regulation”) to enhance the prospectus regime. Save for certain exemptions to the requirement to publish a prospectus that apply from 20th July 2017 and 21st July 2018, the vast majority of the provisions of the new EU Prospectus Regulation will apply from 21st July 2019.

Article 49 of the Prospectus Regulation requires that the provisions of the first subparagraph of Article 1(5)(a) to (c) and the second subparagraph of Article 1(5) shall be applicable from 20th July 2017. These subparagraphs set out and relate to certain exemptions from the obligation to publish a prospectus for admission to trading on a regulated market.

The Authority would like to bring to your attention the following amendments to Chapter 4 of the Listing Rules for the abovementioned purposes:

#### *3.1 – Amendment to Listing Rule 4.7.1*

- 4.7.1 ~~securities fungible with securities already admitted to trading on the same regulated market~~ ~~Shares~~ representing, over a period of 12 months, less than ~~10-20~~ per cent of the number of ~~shares~~ ~~securities of the same Class~~ already ~~Admitted~~ ~~admitted~~ to ~~Listing~~ ~~trading~~ on the same regulated market;

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### *3.2 – Replacement of Listing Rule 4.7.7 and inclusion of a Proviso thereto*

4.7.7 Shares resulting from the conversion or exchange of other Securities or from the exercise of the rights conferred by other Securities, ~~where provided that the said resulting~~ shares are of the same Class as the shares already Admitted to ~~Listing trading~~ on the same regulated market, ~~-provided that the resulting shares represent, over a period of 12 months, less than 20% of the number of shares of the same class already admitted to trading on the same regulated market, subject to the following proviso.~~

~~Provided that the requirement that the resulting shares represent, over a period of 12 months, less than 20 % of the number of shares of the same class already admitted to trading on the same regulated market as referred to in the immediately preceding paragraph shall not apply in any of the following cases:~~

~~4.7.7.1 where a prospectus was drawn up in accordance with either the Prospectus Regulation or the Prospectus Directive upon the offer to the public or admission to trading on a regulated market of the securities giving access to the shares;~~

~~4.7.7.2 where the securities giving access to the shares were issued before 20 July 2017;~~

~~4.7.7.3 where the shares qualify as Common Equity Tier 1 items as laid down in Article 26 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 of an institution as defined in point (3) of Article 4(1) of that regulation and result from the conversion of Additional Tier 1 instruments issued by that institution due to the occurrence of a trigger event as laid down in point (a) of Article 54(1) of that regulation;~~

~~4.7.7.4 where the shares qualify as eligible own funds or eligible basic own funds as defined in Section 3 of Chapter VI of Title I of Solvency II, and result from the conversion of other securities which was triggered for the purposes of fulfilling the obligations to comply with the Solvency Capital Requirement or Minimum Capital Requirement as laid down in Sections 4 and 5 of Chapter VI of Title I of Solvency II or the group solvency requirement as laid down in Title III of Solvency II.~~

### *3.3 – Introduction of new Listing Rule 4.7.9*

4.7.9 Securities resulting from the conversion or exchange of other securities, own funds or eligible liabilities by a resolution authority due to the exercise of a power referred to in Article 53(2), 59(2) or Article 63(1) or (2) of Directive 2014/59/ EU.

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### **Contacts**

Any queries or requests for clarifications in respect of [1] or [2] above should be addressed to Ms Stephanie Buhagiar Camilleri, Senior Analyst, by email on [scamilleri@mfsa.com.mt](mailto:scamilleri@mfsa.com.mt). Any queries or requests for clarifications in respect of [3] above should be addressed to Dr Tara Cann Navarro, Senior Analyst, by email on [tcannnavarro@mfsa.com.mt](mailto:tcannnavarro@mfsa.com.mt).

**Communications Unit**  
**Malta Financial Services Authority**  
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