

# MFSA

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## MALTA FINANCIAL SERVICES AUTHORITY

### **Circular 01/13 to all Company Secretaries of listed entities and Stockbroking Firms**

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#### **Subject: Amendments to the Listing Rules to provide for the Alternative Companies List**

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#### **[1.0] Introduction**

This circular relates to the issue of revised Listing Rules by the Listing Authority in terms of articles 11 and 13 of the Financial Markets Act (Cap.345 of the Laws of Malta). On the 1<sup>st</sup> November 2012 the MFSA issued a consultation document regarding proposed amendments to Chapter 10 of the Listing Rules. The amendments proposed included renaming Chapter 10 as the 'Alternative Company Listing Requirements (ACL)'. Admissibility to listing granted on the ACL would be considered as admissibility to listing on a regulated market within the meaning of the Markets in Financial Instruments Directive. After having considered the feedback received the Listing Authority has approved a number of changes to Chapter 10 of the Listing Rules as outlined below. Being a regulated market, Chapter 10 as revised includes all the relevant requirements relating to a number of EU Directives namely the Consolidated Admissions and Reporting Directive, the Prospectus Directive and the Transparency Directive.

#### **[2.0] Alternative Companies List (ACL)**

In terms of the revised Listing Rules only companies which do not meet the listing requirements of Chapter 3 of the Listing Rules are eligible to apply for admissibility to listing under Chapter 10 of the Listing Rules. The conditions for admissibility to listing that an applicant would need to satisfy for its securities to be admitted to listing on the ACL are basically the minimum conditions set out under the Consolidated Admissions and Reporting Directive.

#### *[2.1] Basic Conditions for admissibility to listing*

An applicant applying for admissibility to listing on the ACL of its securities must satisfy *inter alia* the following basic conditions:

- (i) it must appoint the services of a sponsor;
- (ii) be duly incorporated or established in conformity with the laws of its country of incorporation;
- (iii) it must ensure that its securities are freely transferable;
- (iv) the minimum share capital of the company seeking admissibility to listing of its securities on the ACL must be in conformity with the laws of its place of incorporation but in any case it cannot be less than fifty thousand euros or the equivalent value in any other convertible currency.

### *[2.1.1] Specific conditions for listing of equity securities*

In addition to the above, an applicant seeking admissibility to listing of its equity securities would need to, *inter alia*:

- (i) have a market capitalisation of at least one million euro;
- (ii) ensure that at least twenty-five percent of each class of shares in respect of which application for admissibility to listing is sought must be in the hands of the public;
- (iii) have published or filed annual accounts for the three financial years preceding the application for admissibility to listing. The Listing Authority may derogate from this rule if it is satisfied that investors have the necessary information to arrive at an informed decision;
- (iv) the equity securities being admitted to listing must have a minimum subscription amount of at least ten thousand euros per individual investor. Where a person is subscribing for securities on behalf of third parties, these minimum amounts shall apply to each underlying beneficial owner.

### *[2.1.2] Specific conditions for listing of debt securities*

In addition to the conditions listed in 2.1 above, an applicant seeking admissibility to listing of its debt securities would need to, *inter alia*:

- (i) ensure that the debt securities being admitted to listing must have a minimum subscription amount of at least €50,000 per individual investor and that a subsequent minimum holding of €50,000 is maintained per individual investor throughout his/her investment. Where a person is subscribing for securities on behalf of third parties, these minimum amounts shall apply to each underlying beneficial owner.
- (ii) in accordance with the minimum requirements set out in the Consolidated Admissions and Reporting Directive, offer at least two hundred thousand euros, or the equivalent value in any convertible currency, of issued debt capital.

### *[2.2] Continuing obligations*

In terms of the revised Listing Rules the continuing obligations applicable to companies whose securities are admitted to listing on the ACL reflect the minimum requirements set out in the Transparency Directive and Directive 2006/46/EC in so far as the corporate governance statement is concerned.

## **[3.0] Applicability of other chapters of the Listing Rules**

The provisions of Chapters 1, 11 and 12 of the Listing Rules will also be applicable to those issuers whose securities have been admitted to listing on the ACL. For the avoidance of doubt, the other chapters of the Listing Rules will not be applicable to issuers whose securities are admitted to listing on the ACL except where indicated in Chapter 10.

#### **[4.0] Consequential Amendments**

As a result of the revisions made to Chapter 10 minor amendments to the definitions section of the Listing rules are necessary mainly to delete reference to Second Tier Market and STM Company. Furthermore in Appendix 1.3 of Chapter 1 of the Listing Rules the reference to Second Tier Market has been replaced with Alternative Company List.

#### **[5.0] Effective Date**

The revised Listing Rules set out in Appendix I to this circular are effective as from the 17<sup>th</sup> December 2012.

#### **[6.0] Contacts**

Any queries regarding the revised Listing Rules are to be directed to [listcomm@mfsa.com.mt](mailto:listcomm@mfsa.com.mt) or Chairman, Listing Committee.

**Communications Unit**  
**Malta Financial Services Authority**  
**Ref: MFSA – LA 01-2013**  
**11<sup>th</sup> January 2013**