

6 June 2019

Circular on the revised Financial Market Rules for Trading Venues, DRSPs and Central Securities Depositories

The Authority would like to inform market participants that it has updated the Financial Market Rules for Trading Venues, DRSPs and Central Securities Depositories (**the 'Rules'**), a copy of which can be accessed through the following [Link](#).

The amendments have been effected as part of the transposition process of Directive (EU) 2017/828, which amends Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (**the 'Shareholders Rights Directive'**).

The amended Shareholder Rights Directive ('SRD') is a European Union (EU) directive, which intends to strengthen the position of shareholders. The SRD establishes requirements in relation to the exercise of certain shareholder rights and is applicable where a company has its registered office in a Member State and the shares of which are admitted to trading on a regulated market situated or operating within a Member State.

1.0 New Section 8 in Part V of the Rules

Specifically, the Authority has included a new Section 8 in Part V of the Rules, which is applicable to Central Securities Depositories (**'CSDs'**), relating to the identification of shareholders, transmission of information and facilitation of exercise of shareholders rights.

The SRD provides companies whose shares are listed on a regulated market, the right to request information from intermediaries (including CSDs), relating to their shareholders, with the aim of enabling shareholders to exercise their rights. Simultaneously, there is an obligation on intermediaries to disclose information to their shareholders and to facilitate the exercise of shareholder rights all together.

Following the revision of the Rules, CSDs are subject to new requirements, which have been summarised as follows:-

- i. Provide listed companies with information relating to their shareholder identity;
- ii. Transmit information, from the company to the shareholder or to a third party nominated by the shareholder;
- iii. Transmit to the company the information received from the shareholders;

- iv. Facilitate the exercise of rights by shareholders, including the right to participate and vote in general meetings;

1.2 Applicability

Please note that in terms of Article 1(2) of Directive 2007/36/EC, as amended, the European Member State which is competent to regulate matters covered in the SRD is the Member State in which the company whose shares are admitted to trading on a regulated market, has its registered office.

In terms of new Rule R5-8.13, the new rules apply to CSDs which have neither their registered office nor head office in the Union, when they provide the services referred to in R5-8.1 for shares of a Company having its registered office in Malta and is traded on a Regulated Market in an EU Member State.

Contacts

Any queries or requests for clarifications on the contents of this Circular should be addressed to Nathan Fenech (nfenech@mfsa.com.mt) or Dr Anneliese Grixti (agrixti@mfsa.com.mt).