

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Consultation document on the proposed amendments to Chapter 15 of the Listing Rules ('LR')

15th March, 2010

The Listing Authority is proposing certain changes to Chapter 15 of the LR. The attached document sets out the proposed revised Chapter 15. The Listing Authority invites comments by not later than the **13th April, 2010** on this revised Chapter. Interested parties are to send their comments in writing addressed to the Director – Securities and Markets Supervision Unit, MFSA (e-mail: su@mfsa.com.mt).

The following is an explanation of the main proposed amendments to Chapter 15 of the LR, which have been included in the draft:

In 2006, the MFSA had carried out a review of the criteria for licensing of overseas based collective investment schemes. As part of this review, overseas based schemes that are listed on a Regulated Market in Malta (currently the Malta Stock Exchange is the only Regulated Market in Malta) and not marketed in Malta were no longer required to hold a collective investment scheme licence in terms of article 4 of the Investment Services Act, 1994. The primary objective of the proposed amendments to the LR is that of making it possible for Schemes which are not licensed in Malta or which are not UCITS Schemes which have passported into Malta, but which are established in a “*Recognised Jurisdiction*” to be eligible for admissibility to Listing on a Regulated Market in Malta. In this regard, the condition stating that Schemes which are not established in Malta should be licensed in order to be able to be eligible for admissibility to Listing, is being replaced with a requirement that a Scheme should be established in a Recognised Jurisdiction. For the purpose of Chapter 15 of the Listing Rules, it is being proposed that Recognised Jurisdiction should be defined as including:

- a. *EU Member States*
- b. *EEA Member States*
- c. *Signatories to a multilateral Memorandum of Understanding covering the securities sector, to which the Listing Authority is a signatory;*
- d. *Signatories to a bilateral Memorandum of Understanding with the Listing Authority covering the securities sector.*

In the case of [c] and [d] above, such jurisdiction must have appropriate legislative measures for the establishment and regulation of collective investment schemes. For this purpose, account will be taken of that country's membership of any international organisation recognised as

laying down internationally accepted standards for the regulation of collective investment schemes such as the International Organisation of Securities Commissions.

The Listing Authority is proposing the amalgamation of Section I and Section III of Chapter 15, as it is felt that, with minor exceptions as detailed in the LR, equivalent application requirements for open ended Schemes seeking a Primary or Secondary Listing should apply. In this regard, an additional LR applicable to open ended Schemes seeking a Secondary Listing is being proposed. This stipulates that an open ended Scheme seeking a Secondary Listing must satisfy the Listing Authority that it is in compliance with the requirements pertaining to its primary Listing and that its Directors are held in good-standing by the Listing Authority or other equivalent competent authority in the jurisdiction where it has a Primary Listing.

Moreover, a reference has been included in the General Section of the Chapter that Section I to III are applicable for open-ended schemes seeking authorisation for admissibility to Listing, but which are not meant for trading on the Regulated Market. Additional requirements applicable to exchange-traded (open-ended) funds may be introduced in due course by the Authority.

The Listing Authority is furthermore proposing the replacement of certain reporting requirements currently laid down in Chapter 15 of the LR and which are not considered as being of any significant regulatory importance, with a requirement to report to the Listing Authority the net assets value ('NAV') of the Scheme, the NAV per share and the total number of unit holders in the Scheme. Some other minor amendments are also being proposed. These mainly relate to certain cross-references to rules which are found in other chapters of the LR, which have in the meantime been amended or re-numbered as per the proposed revised Listing Rules issued for consultation on the 13th January, 2010.

Contacts

Should you have any queries regarding the proposed revised Chapter 15 of the LR, please do not hesitate to contact:

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