

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Securities Unit

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10th March 2006

To: The Company Secretary

Dear Sir/Madam,

Re: Compilation/ Updating of List of Insiders

In April 2005 the Maltese Parliament enacted the Prevention of Financial Market Abuse Act, 2005 (henceforth referred to as 'PFMA'). The PFMA, which replaced the Insider Dealing and Market Abuse Offences Act, 1994, has the purpose of *inter alia* safeguarding the integrity of Maltese and European Community financial markets and to enhance investor confidence in such markets.

In terms of PFMA article 9 (4): '*Issuers or persons acting on their behalf or for their account shall draw up a list of those persons working for them, under a contract of employment or otherwise, who have access to inside information. Issuers or persons acting on their behalf or for their account shall regularly update this list and transmit it to the competent authority whenever the latter requests it*'. Regulation 7 of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005 as amended by L.N. 322 of 2005 [henceforth referred to as 'L.N. 106 of 2005'] explains the manner in which such reporting should be made to the MFSA.

During the past months the MFSA has noted that uncertainty still lies as to who/what should be included in the list of insiders and the manner/format in which such list should be submitted to the Authority. The aim of this circular is to guide Company Secretaries of listed companies on: (a) the meaning of the term '*insider*' and (b) what the Law provides and MFSA expects with respect to the compilation/submission of such list.

Who is an insider?

As indicated above, the PFMA defines insiders as '*those persons working for an issuer, under a contract of employment or otherwise, who have access to inside information.*' Therefore any persons who have been engaged by the Issuer and who have access to inside information fall within this definition. In this regard, relatives of such persons do not fall within the remit of such definition.

The MFSA is presently interpreting the above-mentioned definition in the light of listing rule 8.34 which provides a list of such persons, being:

- the Directors of the Issuer; and

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- any employee of the Issuer or Director or employee of a subsidiary undertaking or parent undertaking of the issuer, who, because of his office or employment in the Issuer or subsidiary undertaking or parent undertaking, is likely to be in possession of unpublished price sensitive information in relation to the Issuer ('Senior Officer').

Compilation/notification of such list

In terms of regulation 7 of L.N. 108 of 2005, the list of insiders should contain the following details:

- the identity of any person having access to inside information;
- the reason why such a person is on the list;
- the date on which the list of insiders was created and updated.

Such lists should be kept updated and in terms of L.N. 108 of 2005 the MFSA should be promptly (within not more than one working day) notified of any changes to the said list. In this regard when compiling/updating the list of insiders L.N. 108 of 2005 requires Issuers to:

- (a) use the form set out in Schedule III of L.N. 108 of 2005. It is important that such form is completed in excel format (a copy of Schedule III in excel format has already been sent to the Company Secretaries of Issuers under separate cover) and sent electronically via e-mail on the following e-mail address: aaquilina@mfsa.com.mt;
- (b) clearly highlight and indicate any changes made to the said list.

Whilst we trust the above clarifies any uncertainties which issuers might have with respect to the compilation and submission of the list of insiders, please do not hesitate to contact Ms. Audrey Aquilina or Mr. Christopher Buttigieg should you have any queries with respect to the above.

Yours faithfully,



Cristina Parlato Trigona
Director