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Circular to: the members of the Financial Services Consultation Council

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The draft Code of Good Corporate Governance for Public Interest Companies - Public Consultation

As you may be aware, the Malta Financial Services Authority ('MFSA' or 'Authority') has very recently launched for consultation a draft Code of Good Corporate Governance specifically targeting Public Interest Companies. The aim of this Code is to assist enterprises in conducting relations between shareholders, boards of directors and managers as well as to promote best practices in corporate governance in Malta.

The principles found in the Code will not be obligatory for public interest companies. However, these companies will be required to include in their annual report a statement on the measures they have taken to comply with the Code. Public Interest Companies are those companies whose operations affect a substantial sector of society and therefore have a public scope. These companies should not only act in the interests of their shareholders but also in the communal interest. A public interest company means any one of the following types of companies:

1. any regulated company in terms of the Banking Act, the Financial Institutions Act, the Investment Services Act, the Trusts and Trustees Act, the Insurance Business Act and the Insurance Brokers and Other Intermediaries Act;
2. any public company which is not listed; or
3. any private company which qualifies as a large company in terms of the Companies Act.

As from the 3rd November, the draft Code for Public Interest Companies has been launched for consultation and can be downloaded from the MFSA website at www.mfsa.com.mt. Interested persons were originally invited to send their comments in writing addressed to the Deputy Director, Company Compliance unit, MFSA or via e-mail to cocomp@mfsa.com.mt by not later than the 31st December 2005. In view of requests received, the Authority has decided to extend the period for written submissions till the 28 February 2006. Written submissions should also indicate whether one objects to one's comments being included, on a no-name basis, in any feedback statement the Authority decides to publish after the end of the consultation period.

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