

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

**Circular regarding the new Financial Market Rules
applicable to Regulated Markets**

27th July, 2007

The enclosed Financial Market Rules applicable to Regulated Markets which come into force on the 1st November, 2007. On such date, the Financial Market Rules will replace the Notification Directives currently applicable to Recognised Investment Exchanges.

The Financial Market Rules have been amended to implement certain provisions of the Markets in Financial Instruments Directive ['MiFID'] and to refer to the new Regulations which will be issued under the Financial Markets Act, 1990.

The Financial Market Rules were issued for consultation with the Malta Stock Exchange on the 8th June, 2007.

The following is a brief summary of the changes effected to the Notification Directives:

Part I – [General]:

This Part has been expanded to include a definitions section detailing the meaning of certain terms, including the term Regulated Market which has replaced the term Recognised Investment Exchange in the Financial Markets Act.

Part II – [Notification Requirements]:

This Part has been enhanced to implement the provisions of articles 9 and 11 of the MiFID Commission Implementing Regulation with respect to the '*Determination of the most relevant market in terms of liquidity*' and '*List of financial instruments*', and the provisions of article 33 and 34 of the same Regulation with respect to '*Calculations and estimates for shares admitted to trading on a regulated market*' and '*Publication and effect of results of required calculations and estimates*'. Sections 6 and 7 of the new Financial Market Rules refer.

The current notification directive 22 has been split between Rules 23 and 24. Rule 23 expands on paragraph 5 (1) (a) of the schedule to the draft Regulated Markets (Authorisation Requirements) Regulations, 2007 and stipulates the notification procedure to be followed by a Regulated Market where a suspicion of market abuse exists. On the other hand Rule 24 refers to a notification requirement to the Financial Intelligence Analysis Unit and the MFSA in case of a suspicion of money laundering.

Moreover, the current notification requirements on *Capital and Shareholding* have been removed as these are now to be found in the new Article 4 B of the amended Financial Markets Act, 1990.

Finally, a number of new appendices have been introduced to complement the Financial Market Rules.

For any additional information in respect of the Financial Market Rules or any queries please do not hesitate to contact:

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