

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

29th January 2008

Securities Unit

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Dear Sir/ Madam

Circular - Off-Market Deals

Please refer to the Financial Markets Act (Off-Market Deals) Regulations, 2007 (the Regulations).

In terms of regulation 4 of the Regulations, authorised intermediaries are required to report the particulars of a transaction in listed financial instruments executed outside a regulated market to the central securities depository which holds the register of such financial instruments. *Inter alia* authorised intermediaries are required to report the exact price at which an off-market deal was executed.

During the past year, the Authority has noticed that authorised intermediaries have reported a number of off-market deals as having been executed at prices which have no relation to the market price of the financial instrument being traded. In particular, the Authority has noticed a number of off-market deals which have been reported as being executed at the price of Lm 0.01.

Information which has been made available to the Authority indicates that a number of these transactions were:

[a] actually executed at a price which compared well with the market price at the time, whilst reported as having been executed at Lm 0.01, and

[b] donations between related parties.

Please note that reporting off-market transactions as having been executed at a different price from the actual price is a breach of the Regulations. Any person who breaches the Regulations may, in terms of article 39 A of the Financial Markets Act, 1990, be subject to a fine.

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Lastly, those donations between related parties falling within the scope of Bye Law 4.02.01 (donations to the 'first' degree etc) should be effected in the manner prescribed by the said Bye-Law.

Please do not hesitate to contact me or Mr. Christopher P. Buttigieg or Ms. Katherine Hili should wish to clarify any issue in this circular.

Yours sincerely,



Cristina Parlato Trigona
Director

Cc: Ms. Eileen V. Muscat – General Manager, Malta Stock Exchange