

13 August 2021

The MFSA's Capital Markets Strategy – Pillar II 'Revisiting the Regulatory Framework'

The Capital Markets Strategy of the Malta Financial Services Authority ('MFSA'/ the 'Authority') is based on five strategic pillars, with the second pillar being 'Revisiting the Regulatory Framework'. In its [Consultation Document](#) published on 8 March 2021, the MFSA had proposed to revise several aspects of the Maltese regulatory framework for Capital Markets, by *inter alia* amending the Financial Markets Act to enhance the role of the Authority and its supervisory and investigatory powers in view of the requirements of the Prospectus Regulation.

On 23 July 2021, Act XLVI of 2021 (the 'Act') was enacted to *inter alia* amend the Financial Markets Act, Chapter 345 of the Laws of Malta.

From a Capital Markets perspective, the purposes of the said Act were to:

- (i) implement the relevant provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the 'Prospectus Regulation');
- (ii) to further transpose the provisions of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (the 'Transparency Directive');
- (iii) to implement the relevant provisions of Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021 amending Regulation (EU) 2017/1129 as regards the EU Recovery prospectus and targeted adjustments for financial intermediaries and Directive 2004/109/EC as regards the use of the single electronic reporting format for annual financial reports, to support the recovery from the COVID-19 crisis (the 'Prospectus Quick-Fix Regulation');
- (iv) to enhance and elaborate on the purposes and objectives of the MFSA in its role as sole competent authority in terms of the Prospectus Regulation;
- (v) to enhance the functions and powers of the MFSA as is necessary for it to fulfil its purposes and objectives;
- (vi) to enhance the drafting of the provisions of the Financial Markets Act.

Amongst other amendments, important changes have been made to Part III of the Financial Markets Act, which Part was previously entitled 'Listing Authority'. The title to Part III now reads 'Prospectus, Listing and Trading'. It is important to note that any references to Listing Authority and Listing

Committee within the previous Financial Markets Act have been deleted, and all powers previously vested in the Listing Authority or the Listing Committee now rest with the MFSA; which is now the competent authority for the purposes of Part III of the Financial Markets Act.

In this respect, in terms of Part III of the Financial Markets Act as amended, without prejudice to any other power or function conferred to it by the same Financial Markets Act or any other law, the MFSA has the function:

- (a) to approve, or otherwise, the prospectus of any offer of securities to the public in Malta;
- (b) to approve, or otherwise, the admissibility of securities to a local regulated market;
- (c) to make Capital Markets Rules for the better implementation and purposes of Part III of the Financial Markets Act;
- (d) to ensure compliance by issuers of securities with the requirements or conditions set out in the Prospectus Regulation, the Directives, the Financial Markets Act and any regulations and Capital Markets Rules issued thereunder;
- (e) to monitor the timely disclosure of information by issuers or any other persons subject to the Capital Markets Rules with the objective of ensuring effective and equal access to the public in Malta and in all Member States or EEA States where the securities are admitted to trading on a local regulated market;
- (f) to act as the designated competent authority in Malta for the purposes of implementing the relevant provisions of the Prospectus Regulation.

For ease of reference, the revised version of the Financial Markets Act can be accessed through the following [Link](#).

Capital Markets Rules and Listing Policies

As a result of the above-mentioned amendments to the FMA, where applicable, the Listing Rules for Main Market and the Wholesale Securities Markets and the Listing Authority Policies are being amended to:

- a) align certain definitions with those included in the FMA;
- b) substitute references to "Listing Authority" and "Listing Committee" with "MFSA";
- c) delete Listing Rules regarding the functions and the composition of the Listing Committee;
- d) substitute references to "Listing Rules" with "Capital Markets Rules".

These amendments will become effective upon the publication of this Circular.

Contacts

Should you have any queries in relation to this Circular, kindly contact the Authority on CapitalMarkets@mfsa.mt