

24 January 2022

Update on the Procedures pertinent to Applications for Admissibility to Listing on the Official List and Approval of Prospectuses

Scope

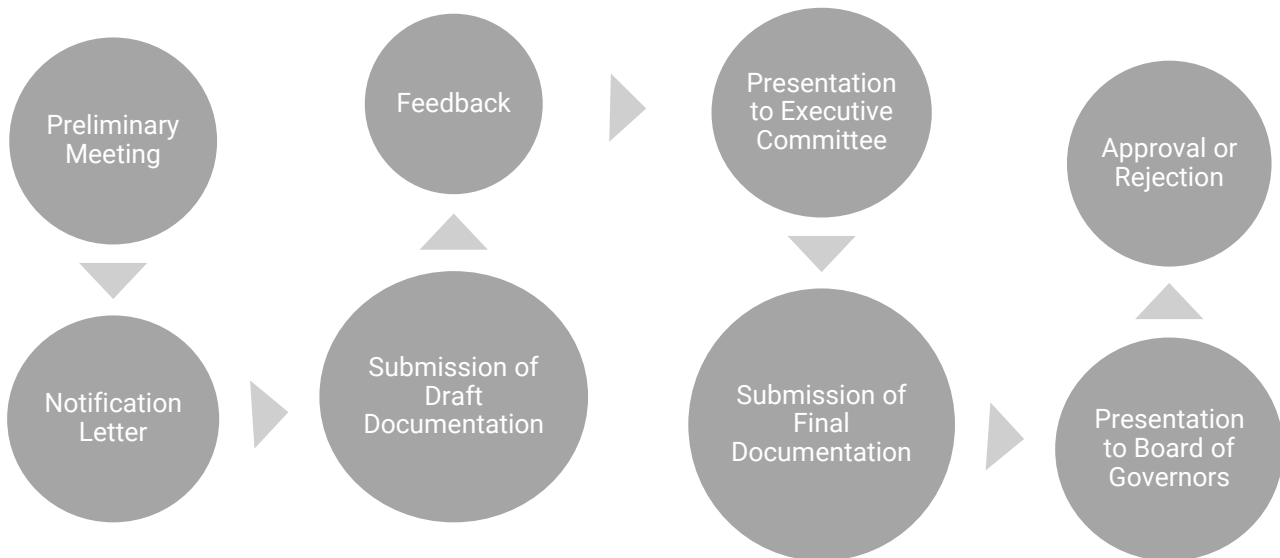
The scope of this circular is to provide an update to relevant stakeholders on the subject in caption, following the publication of a similar circular dated 28 January 2020. The updates are primarily brought about by changes in the Financial Markets Act (Cap. 345 of the laws of Malta) as well as the requirements of the Malta Financial Services Authority (the “**Authority**”) in general when processing such applications.

Governing Rules and Regulations

Save for certain exemptions authorised under 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 “**Regulation**”), the approval and subsequent publication of a prospectus is required when securities are offered to the public or admitted to trading on a regulated market.

The conditions governing the Application for Admissibility to Listing are principally laid out in Chapter 4 of the [Capital Markets Rules](#), as published by the Authority. Nevertheless, the process set out hereunder aims to summarise the procedure generally undertaken when submitting an application for admissibility to listing (the “**Application**”), including seeking approval of a prospectus.

The Application and Approval Process



Prior to submitting an Application, it is recommended that the proposed issuer sets up a preliminary meeting with the Authority, together with the Sponsor and the main advisors to the proposed Application. The primary scope of holding such a meeting is for all parties involved to openly discuss with the Authority the proposed application for admissibility to listing and to identify any initial concerns that may be apparent at this stage of the process.

At this stage, it is also suggested that the Sponsor provides the Authority with an indicative timetable with regards to dates of submission of documentation and expectations for final approval, in order for the Authority to ensure adequate time and resources in processing the Application appropriately.

Once the above has been established, the Authority would expect to receive the respective Notification Letter in terms of Capital Markets Rule 4.1A, one clear month before the submission of the first draft of the Application.

Subsequent to this, the Sponsor (on behalf of the issuer) would be expected to submit all documentation as required by Capital Markets Rule 4.2, together any other material agreements or documentation relevant to the processing of the Application which may include property valuation reports, security trust deeds and loan agreements. Applicants for admissibility to listing of corporate debt securities aimed at local retail investors would also be expected to submit a Financial Due Diligence Report as per the [MFSA Listing Policies](#), the purpose of which is to demonstrate their financial soundness to the Authority.

Where the draft documentation submitted does not meet the standards of completeness, comprehensibility and consistency necessary for approval, or where changes or supplementary information are required, the Authority shall inform the Sponsor of such in writing. It is important to note that in such cases the Sponsor may be requested to revise the indicative timetable sent to the Authority.

Once the Securities and Markets Supervision Function within the Authority is satisfied that the Application and/or prospectus meets all necessary standards, it shall make its recommendation to the Executive Committee as to whether or not it believes that the Executive Committee should proceed with presenting the Application and/or prospectus to the Board of Governors of the Authority. Depending on the decision taken at Executive Committee level, the Application and/or prospectus would be presented to the Board of Governors, who shall in turn grant approval or otherwise of the prospectus and/or the Application.

Timeframes for Approval

The turnaround times for the approval or refusal of a prospective Application and/or prospectus shall be in line with the terms assigned under the Regulation. The time limit set out in the Regulation shall only apply from the date on which all the revised documentation as requested by the Authority are submitted satisfactorily.

The Authority undertakes to inform Sponsors of the meeting dates of the Board of Governors as soon as these become available. It is essential that final application documentation in both hard and soft copy is provided to the Authority **at least six working days** prior to the Board of Governors meeting which is being targeted.

Submission of Documentation

Upon submission of the **first draft of documentation**, the Authority expects that:

- Any documentation provided is to be as comprehensive and complete as possible;
- Any documentation is made available in a searchable and workable format;
- In cases where an amended or updated version of the Memorandum and Articles of Association of the issuer would have to be submitted to the Malta Business Registry, a copy thereof is first to be submitted to the Authority for review;
- Any directors of the issuer (and guarantor/s, where applicable) would have already been identified and personal identification details of said individuals would be readily provided;
- Any changes to be registered with the Malta Business Registry would, to the extent possible, be well underway;

- Any outstanding dues to the Malta Business Registry by the issuer, guarantor/s and any officers thereof would have been duly settled;
- Where the prospectus is to include profit forecasts and estimates and/or pro forma financial information, such information is adequately disclosed in compliance with the requirements of the Regulation;
- Where the financial instrument is deemed to be complex in nature, a Complexity Analysis addressed to the Head of the Conduct Supervision Function is submitted;
- Where the Application involves the admissibility to listing of debt securities, Central Credit Register extracts obtained from the Central Bank of Malta in relation to the issuer, guarantor/s and any other relevant entity are submitted.

Submission of **final documentation** to be presented to the Board of Governors is to include:

- A soft copy of the prospectus, duly signed by the authorised officers of the issuer together with the accompanying XML data;
- One hard copy of the prospectus, duly signed by the authorised officers of the issuer;
- One hard copy of the Financial Due Diligence Report, duly signed by the reporting accountants; *and*
- All original declarations, reports and other documentation required in terms of the Capital Markets Rules.

Contacts

Should you have any queries regarding the above, please do not hesitate to contact us on listings@mfsa.mt.