

Consultation on the Proposed Amendments to the Capital Markets Rules within the Context of the Sponsors' Regime

Ref: 03-2025

Date: 19 May 2025

Closing Date: 20 June 2025

NOTE: The documents circulated by the MFSA for the purpose of consultation are in draft form and consist of proposals. Accordingly, these proposals are not binding and are subject to changes and revisions following representations received from stakeholders and other involved parties. It is important that persons involved in the consultation bear these considerations in mind.

Contents

1 Introduction	3
2 Capital Markets Rules.....	3
3 Concluding Remarks.....	5

1 Introduction

On the 2 July 2024, the Malta Financial Services Authority ('MFSA' or 'Authority') published a [Consultation Document](#) on "*Pillar III of the MFSA Capital Markets Strategy - Strengthening the Sponsors' Regime*" seeking stakeholders' views on the main features of the proposed framework for sponsors and the options considered for its implementation.

As per the [Feedback Statement](#), the MFSA intends to introduce a registration framework for sponsors *inter alia* by way of a new subsidiary legislative instrument, with further detail on the MFSA's expectations and requirements being incorporated in the Capital Markets Rules.

By virtue of this Consultation, the MFSA is thus seeking stakeholders' views on the proposed amendments to Chapter 2 of the Capital Markets Rules, within the context of strengthening the Sponsors' Regime. Stakeholders' views on the proposed legislative framework are being sought by way of a separate consultation exercise.

2 Capital Markets Rules

The Authority is proposing an overhaul of Chapter 2 of the Capital Markets Rules, to focus on the three main features of the revised Sponsors' Regime as identified in the Consultation Document issued in July 2024: [i] eligible candidates, [ii] role definition, and [iii] organization and governance.

Whilst a draft of the amended Capital Markets Rules is attached to this Consultation Document for stakeholders' feedback, an overview of the core proposals is provided hereunder:

i. **Eligibility**

Sponsors shall require an authorisation to provide investment services in terms of either the Investment Services Act¹ or MiFID II², and to hold or control clients' money or customers' assets, but not to operate a multilateral trading facility and/or an organised trading facility.

In addition, clarifications have been included to specify that sponsors should also consider their obligations in terms of their authorisation to provide investment services, including, for example, product governance and investor protection.

¹ Cap. 370 of the laws of Malta.

² Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

ii. **Competence**

A Sponsor shall demonstrate to the MFSA that it has sufficient competence in terms of both experience and expertise to adequately understand and apply the Capital Markets Rules, MFSA Listing Policies and Prospectus Regulation³.

iii. **Minimum Staffing Requirement**

For the duration of a sponsor service assignment, Sponsors will be required to retain a minimum of two individuals focussed on the provision of sponsor services. These individuals may undertake additional activities subject to certain conditions.

iv. **Independence**

Sponsors are to ensure that they are independent of applicants seeking admissibility to listing and shall take all reasonable steps to ensure that any conflicts of interest are identified and managed.

Furthermore, it is proposed that individuals forming part of the sponsor service offering are not concurrently or subsequently involved in the distribution on the primary market of the financial instrument/s which are the subject of the application of admissibility to listing, on which they have been appointed as sponsor.

v. **Reviews of Applications for Admissibility to Listing**

Clarifications have been included to detail the MFSA's expectations in this regard, including further detail on the transparency, corporate governance and financial soundness requirements mandated by the Capital Markets Rules, the MFSA Listing Policies and the Prospectus Regulation.

vi. **Record-Keeping**

Sponsors shall be required to maintain certain records to demonstrate compliance with their obligations.

vii. **Ongoing Obligations**

These comprise of an annual confirmation form to be submitted to the MFSA, together with detailed circumstances where a prompt notification to the MFSA would be required.

³ 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

In view of the aforementioned amendments, the Definitions section of the Capital Markets Rules is also being amended. These amendments are also being presented in the annex to this Consultation Document.

3 Concluding Remarks

Stakeholders are invited to submit any comments they may have on the amended Capital Markets Rules which are being attached to this Consultation Document, for the consideration of the Authority.

Interested parties are to send their comments by not later than **20 June 2025**. Any comments and feedback are to be addressed to sponsorsconsultation@mfsa.mt

The proposals set out in this Consultation Document and attached supporting documentation are not binding and are subject to changes and revisions following receipt of feedback from stakeholders.