

Consultation on Revisiting the Capital Markets Rules applicable to the Institutional Financial Securities Market, including the Introduction of Specific Provisions on Sukuk

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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.

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1 Introduction

The Institutional Financial Securities Market (“IFSM”) is a regulated market operated by the Malta Stock Exchange, allowing for listings of wholesale securities with a minimum denomination of at least €100,000 per security. Applications for admissibility to listing on the IFSM fall within the regulatory remit of the Malta Financial Services Authority (“MFSA” or “Authority”) and are presently governed by *inter alia* the [Capital Markets Rules for Wholesale Securities Markets](#).

As part of its regulatory development initiatives, the MFSA is proposing to revisit the rulebook applicable to the IFSM to: [i] modernise and streamline the rules from a practical aspect and [ii] introduce specific provisions in relation to sukuk. Further detail on each of these two objectives is provided in Sections 2 and 3 respectively.

By virtue of this Consultation, the MFSA is thus seeking stakeholders’ views on the proposed revisions to the Capital Markets Rules applicable to the IFSM.

2 Modernising and Streamlining the IFSM Capital Markets Rules

The Authority is proposing to revisit the Capital Markets Rules applicable to the IFSM, with the first objective of modernizing and streamlining the various chapters contained therein from a practical aspect.

Whilst a draft of the revised Capital Markets Rules is attached to this Consultation Document for stakeholders’ feedback, an overview of the key proposed revisions is provided hereunder:

i. ***Clearly defining the Scope and Application of the Rules***

The scope of the Rules has been clarified to refer to the admissibility to listing of professional securities on the IFSM. In turn, a definition for “*professional securities*” has been introduced to explicitly set out the three characteristics which securities must possess in order to fall within the scope of the IFSM Capital Markets Rules, namely that they [i] must qualify as non-equity securities, [ii] must have a denomination per unit of at least €100,000 and [iii] are only acquired and traded by professionals who possess the experience, knowledge and expertise to make informed investment decisions or investors who are provided with investment advice/portfolio management by such professionals.

ii. ***Deletion of Chapter 2***

The current Chapter 2 of the Capital Markets Rules for Wholesale Securities Markets titled ‘*Structure and Content of Prospectuses*’, which was originally intended to transpose the

relevant provisions of the Prospectus Directive¹, is to be deleted in its entirety. This proposal for deletion stems from the publication of the Prospectus Regulation² in 2019, with this Regulation not only repealing the Prospectus Directive, but also applying directly to prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market.

iii. ***Re-evaluating Listing Agents and their Role***

In view of the MFSA's parallel initiative to strengthen the Sponsors' Regime, it is being proposed that Listing Agents in terms of the current Capital Markets Rules for Wholesale Securities Markets are replaced by sponsors who are registered with the MFSA in terms of the relevant provisions of the Financial Markets Act and the regulations and rules issued thereunder. Cognisant of the specificities of the IFSM when compared to the regulated main market, it is anticipated that the role of sponsors on the IFSM and the MFSA's expectations in this regard will be streamlined and made appropriately proportionate.

In this regard the MFSA shall be considering any relevant feedback submitted separately on the [Consultation on the Proposed Amendments to the Capital Markets Rules within the Context of the Sponsors' Regime](#), in addition to any views and comments submitted in relation to this Consultation Document.

3 Introducing Specific Provisions in relation to Sukuk

Islamic finance has grown rapidly over the past few decades, emerging as a significant segment within the global financial system. Despite this, the local regulatory framework lacks clarity on how Islamic finance products may be introduced or structured within the local financial and capital markets. The MFSA has identified Islamic finance as an area for strategic policy development and is seeking to address this gap, mindful of the particularities that distinguish Islamic finance products from more traditional counterparts.

As an initial step, the Authority is seeking to introduce tailored provisions to cater for sukuk and facilitate the issuance thereof on the IFSM. Sukuk are essentially financial instruments which comply with the principles and provisions of Shariah, and which have been captured within the scope of the revised Capital Markets Rules applicable to the IFSM.

In this regard, the newly introduced rules pertaining to sukuk have been incorporated within the relevant chapters of the revamped Capital Markets Rules applicable to the IFSM, depending on whether they pertain to [i] conditions for admissibility to listing, [ii] approval of prospectuses and admissibility to listing, or [iii] continuing obligations.

¹ Directive 2003/71/EC

² Regulation (EU) 2017/1129

4 Concluding Remarks

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

Interested parties are to send their comments by not later than **8 August 2025**. Any comments and feedback are to be addressed to spi_consultations@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.