

Capital Markets Rules for Proxy Advisors

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REVISIONS LOG

VERSION	DATE ISSUED	DETAILS
1.00	6 AUGUST 2025	SCOPE AND OBLIGATIONS

Title 1 General Scope and High-Level Principles

Section 1 Scope and Application

- R1.1.1 This Chapter shall apply to Proxy Advisors appointed in terms of the Financial Markets Act ('Act').
- R1.1.2 This Title outlines the high-level principles which should guide Proxy Advisors in the provision of their services in or from within Malta.
- R1.1.3 Title 2 of this Chapter outlines the requirements imposed on Proxy Advisors.

Section 2 High-Level Principles

- R1.2.1 Proxy Advisors shall act in an ethical manner taking into consideration the best interests of their clients and the integrity of Malta's financial system.
- R1.2.2 Proxy advisors shall act honestly, fairly and professionally and shall comply with the relevant provisions of the Act and these Rules, as well as with other relevant legal and regulatory requirements, including inter alia the Capital Markets Rules as well as any regulations and rules issued thereunder.
- R1.2.3 Proxy Advisors shall co-operate with the MFSA in an open and honest manner and shall provide the Authority with any information it may require.
- R1.2.4 In complying with R1.2.1, Proxy Advisors shall:
- i. Make reference to, and where applicable comply with the applicable Maltese laws, regulations and rules issued thereunder as well as any Guidance Notes which may be issued by the MFSA or other relevant body to assist the said persons in complying with their legal and regulatory obligations.

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- ii. Cooperate in an open and honest manner with the MFSA and any other relevant regulatory authorities; and
 - iii. take due account and, where applicable, comply with any relevant EU legislation as well as any Guidance Notes/Statements/Industry Best Practices which may be issued by local and or international standard setting bodies.

Title 2 Obligations of Proxy Advisors

Section 1 Scope and Application

R2.1.1 Proxy advisors as defined in Article 2 of the Financial Markets Act with their registered office in Malta, or carrying out activities through an establishment located in Malta, shall abide by the obligations outlined hereunder.

Section 2 Transparency Requirements

R2.2.1 Proxy advisors shall publicly disclose reference to a code of conduct applied in the exercise of their duties and report on the application of that code of conduct.

R2.2.2 Proxy advisors which do not apply a code of conduct, shall provide a clear and reasoned explanation of why this is the case.

Provided that where proxy advisors apply a code of conduct but depart from any of its recommendations, proxy advisors are required to declare from which parts they depart, provide explanations for doing so and indicate, where appropriate, any alternative measures adopted.

R2.2.3 Proxy advisors shall publicly disclose the information referred to above, free of charge, on the websites of proxy advisors and shall be updated on an annual basis.

R2.2.4 Proxy advisors shall publicly disclose on an annual basis at least all of the following information in relation to the preparation of their research, advice and voting recommendations:

- i. the essential features of the methodologies and models they apply;
- ii. the main information sources they use;
- iii. the procedures put in place to ensure quality of the research, advice and voting recommendations and qualifications of the staff involved;

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- iv. whether and, if so, how they take national market, legal, regulatory and company specific conditions into account;
 - v. the essential features of the voting policies they apply for each market;
 - vi. whether they have dialogues with the companies which are the object of their research, advice or voting recommendations and with the stakeholders of the company, and if so, the extent and nature thereof;
 - vii. the policy regarding the prevention and management of potential conflicts of interest.

Provided that the information referred to R2.2.4 is publicly disclosed on the website of the proxy advisors and shall remain available free of charge for at least three years from the date of publication.

R2.2.5

Proxy advisors shall identify and disclose without delay to their clients any actual or potential conflicts of interest or business relationships that may influence the preparation of their research, advice or voting recommendations and the actions they have undertaken to eliminate, mitigate or manage the actual or potential conflicts of interests.

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