MFSA MALTA FINANCIAL SERVICES AUTHORITY

Circular

5 November 2026

Amendments to Chapter 2 and 4 of the Capital Markets Rules

1.0 Introduction

The Malta Financial Services Authority ("MFSA") is issuing this Circular to announce amendments to Chapters 2 and 4 of the Capital Markets Rules.

The amendments seek to:

- clarify the treatment of certain client holdings for the purpose of assessing Sponsor independence under Capital Markets Rule 2.15.1; and
- introduce a proportionate notification process for subsequent issuances by Credit Institutions under MFSA-approved offering programmes, whilst maintaining appropriate regulatory oversight through the submission of a tracked version of the first draft prospectus showing the amendments made to the most recently approved programme documentation.

These amendments have been introduced to provide greater regulatory clarity, ensure the consistent application of the Capital Markets Rules, and support a more efficient and proportionate admissions process.

2.0 Amendments to Chapter 2 - Sponsors

The Authority has identified a need to provide further clarity regarding the treatment of holdings arising from advisory client relationships when assessing compliance with the Sponsor independence requirements contained in Chapter 2 of the Capital Markets Rules.

Following discussions with entities seeking approval to act as Sponsors, clarification was sought on the application of Capital Markets Rules 2.15.1 and 2.16, particularly regarding the treatment of holdings arising from different investment services offered by a Sponsor or members of its Group when assessing actual or perceived conflicts of interest.

The Authority considers that holdings arising through discretionary portfolio management, nominee arrangements maintained on behalf of execution-only clients and advisory services do not generally give rise to the same conflict-of-interest concerns as proprietary holdings held directly by the Sponsor or another member of its Group. In such circumstances, the beneficial ownership of the relevant securities rests with the underlying clients rather than with the Sponsor itself.

Accordingly, the Authority is amending Capital Markets Rule 2.16 to align its supervisory approach, provide greater regulatory certainty and ensure the consistent treatment of holdings arising through discretionary portfolio management, advisory services and nominee arrangements maintained on behalf of execution-only clients.

Capital Markets Rule 2.16 is being amended as follows:

QUOTE

2.16 *Any interest that arises as a result of the Sponsor's discretionary client holdings, **advisory client holdings** or nominee for execution-only clients are not to be included in the determination of the threshold set out in Capital Markets Rule 2.15.1.* [1]

UNQUOTE

3.0 Amendments to Chapter 4 - Applications for Admissibility to Listing

The Authority has also reviewed the notification requirements applicable to Credit Institutions seeking admission to listing of securities under offering programmes previously reviewed and approved by the MFSA.

Given the enhanced prudential framework applicable to Credit Institutions and the ongoing supervisory oversight exercised by the relevant competent authorities, the Authority considers that the existing requirement to notify the MFSA at least one month prior to the submission of an Application for Admissibility to Listing may be disproportionate in circumstances where the relevant offering programme has already been reviewed and approved by the Authority.

The proposed amendment is intended to facilitate subsequent issuances by Credit Institutions under offering programmes approved by the MFSA within the preceding two (2) years. In such circumstances, the Authority would already be familiar with the issuer, its regulatory standing, governance arrangements and the terms of the approved programme.

Accordingly, Capital Markets Rule 4.1A is being amended to permit Credit Institutions that have already obtained the MFSA's approval of an offering programme within the last two (2) years to notify the MFSA at least five (5) working days prior to the submission of the relevant application.

To ensure that the Authority is able to efficiently identify and assess any amendments made to the approved programme documentation, Credit Institutions benefiting from the reduced notification period will also be required to submit a tracked version of the prospectus showing the amendments made to the most recently approved programme documentation.

[1] Capital Markets Rule 2.16 is in italics, whereas the amendments made thereto are in italics and bold.

Capital Markets Rule 4.1A is being amended as follows:

QUOTE

4.1A *An Applicant shall notify the MFSA of its intention to submit an Application for Admissibility to Listing at least one month before submitting the application (Appendix 4.1) and the first draft of the prospectus.* ***In the case of Credit Institutions that have already received the MFSA's approval of an offering programme within the last two (2) years, the notification period shall be reduced to five (5) working days prior to the submission of the application (Appendix 4.1), provided that the first draft prospectus is tracked with amendments made to the most recently approved programme documentation.***[2]

UNQUOTE

4.0 Amended Capital Markets Rules

The revised Capital Markets Rules, as amended on 5 November 2026, are annexed to this Circular.

5.0 Effective Date

These amendments shall apply with immediate effect from the date of publication of this Circular.

6.0 Contacts

Should you require any additional clarification in respect of the above, kindly contact the Authority on listings@mfsa.mt.

[2] Capital Markets Rule 4.1A is in italics, whereas the amendments made thereto are in italics and bold.