WHY LIST ON THE MALTA STOCK EXCHANGE?

More than just a cost-effective solution ...
An EU jurisdiction coupled with Passportability

The Malta Stock Exchange (MSE) is located in a well-regulated, cost-effective domicile which is a fast-developing financial centre with an excellent reputation, skilled English-speaking professionals and a pleasant working environment. The MSE is itself an authorised organisation that has been operating to the highest international standards for almost 25 years.

Companies admitted to listing on the MSE’s Main Market and the secondary listing board, the Alternative Companies List, which are both regulated markets, are listed in accordance with the Prospectus Directive. These, therefore, benefit from full passporting rights within the EU as well as having the option to have their instruments traded on any EU market of their choice, including the MSE’s own trading platform.

A professional environment backed by cost-effective support services

The MSE has extensive experience with listing various categories of financial instruments such as equities, bonds, money market funds, property funds and venture capital or development funds. Moreover, the Maltese financial services sector is supported by numerous experienced professionals who are able to provide cost-effective expertise in legal, audit, accounting and brokerage services.

All the global accounting and audit firms are represented in Malta and operate together with many other accounting firms, all of which provide premium services at significantly competitive rates when compared to many other EU jurisdictions. There are also a large number of law firms with highly trained multi-lingual lawyers with expertise in domestic and international law, servicing international companies, private individuals and family businesses. It is fair to say that such support services are priced at up to 40% less than EU counterparts, while offering the same high level of professionalism that the market expects.

Cost-effective access to capital markets

There are many reasons why companies may seek a listing on the MSE, such as seeking access to capital markets as a source of finance or to raise new equity capital. A listing may also help raise an entity’s brand profile or address succession planning issues.

The fees applicable to companies seeking admission to listing on the Main Market are very competitive and cost-effective. Indeed the Exchange’s fee structure is one of Europe’s most affordable. They are also very straightforward and easy to establish since they are structured on an ‘annual fee’ basis, without any up-front charges or other add-ons. Unlike many other exchanges, the MSE does not charge an admission fee in respect of its Main Market. The Central Securities Depository (CSD) also charges minimal fees when compared to other European CSDs. Trading fees are also quite low.

A single regulator for all financial services

The Malta Financial Services Authority (MFSA) is the single regulator for all regulated financial services in Malta. The MFSA ensures best practice standards and compliance with relevant rules and regulations as well as ensures streamlined procedures and reduced bureaucracy.

The MFSA also acts as the Listing Authority which approves admissibility to listing on regulated markets. Besides co-operating with other EU regulators, the MFSA has also entered into a number of Memoranda of Understanding with other non-EU jurisdictions which facilitate cross-border business and supervision. Furthermore, the MFSA is a Member of the International Organisation of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS).

Various admission to listing options available

There are three markets that an issuer may opt to use when accessing the Capital Market. The Main Market and the Alternative Companies List (ACL) are regulated by the MFSA and require a sponsor and a prospectus and must adhere to the criteria laid down in the Prospectus Directive. Prospects, on the other hand, is an SME-oriented market which has the structure of an MTF operated and regulated by the MSE. Admission to this market is disclosure-based rather than criteria-based as is the case for listing on the other two boards.

Prospects addresses the specific needs of SMEs, not only by providing a vehicle for small IPOs but also by creating a framework for succession planning for these companies.

Prospects Rules have been designed to be a lighter regulatory regime when compared to the Main Market or ACL requirements. It is very cost-effective while providing robust investor protection and transparency through the appointment of a Corporate Advisor.
A personalised service, every step of the way

The Malta Stock Exchange offers a comprehensive spectrum of services. It has built an excellent reputation that it strives to safeguard. There is also significant potential for growth. Like Malta itself, the MSE is agile, proactive and flexible in its approach. It is also business-friendly and keen to build domestic and cross-border relationships in a transparent and professional manner.

Supported by a pro-business Competent Authority and other stakeholders, the MSE’s executive management team is easily accessible and open to exploring opportunities that offer good quality prospects for new business. This efficient process thrives on a “can do” attitude that cascades from the very top.

A company seeking admission to listing on the Main Market, ACL or Prospects will discover that the MSE is a willing and like-minded business partner, not only before the IPO and admission to listing, or after the offer is concluded, but throughout its life as a listed entity.

Highly networked infrastructure – Xetra, Clearstream bilateral link, SWIFT and TARGET2

Trading on the MSE takes place through Xetra, the trading system operated by Deutsche Börse AG which offers trading functionality in line with international standards, MiFID compliant reporting and also facilitates international participation. Xetra is the largest exchange network in the world, currently connecting over 4,000 traders from 16 European countries as well as Hong Kong and the United Arab Emirates, amongst others.

The MSE offers custody services through its link with Clearstream Banking AG. The link to Clearstream facilitates access to the MSE depository for international investors seeking to invest in instruments listed in Malta.

Through its connectivity to the SWIFT telecommunication platform, the MSE provides Members and participants with a full service for the exchange of standardized financial messages for payments and securities settlement. The Exchange is also a direct member of TARGET2, the interbank payment system for the real-time processing of cross-border transfers throughout the EU. TARGET2 offers a premium payment service across national borders in the European Union, thus enabling the MSE to clear and settle Euro transactions in a safe and secure manner.

A full value-chain Exchange

The MSE, which also operates a CSD, uses state-of-the-art trading and depository technology. Situated in the heart of Malta’s capital city, Valletta, it is able to provide a full value-chain of services from IPO right through to registration of securities in book-entry form within its depository. At the same time, participants in the capital market may choose which services are appropriate to their needs through the MSE’s user-friendly and flexible rules and processes.

CSD services are currently being offered to both listed and non-listed companies in a dematerialized environment, with full access to corporate action, notarial, custody and administrative services as well as benefitting from the possibility of settling transactions and corporate actions through the MSE-CSD’s link with Clearstream Banking AG, one of the largest global ICSDs.

As the appointed National Numbering Agency for the Maltese jurisdiction, the Exchange is responsible for issuing International Securities Identification Numbers (ISINs) for Malta registered financial instruments. In this capacity, Malta Stock Exchange plc is a member of the Association of National Numbering Agencies (ANNA).

Multi-currency option

While Malta’s official currency is the Euro, the MSE’s admission to listing, trading and settlement processes can accommodate multi-currency issues on all the markets it operates and can, therefore, support companies seeking to raise finance in non-Euro denominated currencies, such as Pound Sterling or US Dollar – other currencies can be supported by prior agreement.

Target2 Securities (T2S) enabled post-trading infrastructure

The MSE-CSD was one of the first participants of T2S, a pan-European settlement platform developed and operated by the ECB. Once all the migration waves are rolled out, it will encompass all Euro settlement volumes in a seamless and cost-effective manner, and will be fundamental in creating a truly single capital market in Europe.
To learn more about the MSE’s products and services, please contact the Head of Business Development on bdmborzamalta.com.mt