THE MALTA STOCK EXCHANGE

“To facilitate capital formation in the public and private sector by developing and operating a liquid, efficient and fair securities market for the ultimate benefit of issuers and investors whilst adding value to its shareholders”


Today it is a fully-fledged regulated market which successfully fulfills its role as an effective venue to raise capital finance. The Exchange carries out this role by providing a structure for admission of financial instruments to its recognised lists which may subsequently be traded on a regulated, transparent and orderly market place (secondary market). The main participants in the market are Issuers, Stock Exchange Members (stock brokers), and the investors in general. Apart from admission and trading, the Exchange offers a comprehensive range of back–office services including maintenance of share and bond registers, clearing and settlement and custody services through its Central Securities Depository (CSD) which is situated in-house. It also has a link with Clearstream Banking in Frankfurt, Germany and in Luxembourg facilitating international access.

The Malta Stock Exchange offers a varied spectrum of products and services:

- Admission
  - Financial Instruments:
    - Equities
    - Bonds
      - Corporate Bonds,
      - Government Stocks
    - Treasury Bills.
  - Collective Investment Funds
- Trading of Financial Instruments
- Clearing and Settlement
- Central Securities Depository Services

Benefits of Listing and Admission on the MSE’s Recognised Lists

- Alternative process for raising capital
- Broadening the investor base
- Best-execution transparent pricing based on supply and demand
- Valuation of company based on the market price
- Gain access to a market that has a high level of regulation and transparency
- Fiscal Benefits including exemption from capital gains tax and stamp duty on transfers of listed financial instruments
- Raise your company’s profile and brand marketability due to enhanced transparency and governance required of listed companies
- Competitive costs
Basic Requirements for admissibility by the Malta Financial Services Authority (MFSA) to listing of all financial instruments on any of the Exchange’s lists:

<table>
<thead>
<tr>
<th>LISTING REQUIREMENTS</th>
<th>Equities – Official List</th>
<th>Equities and Corporate Bonds – Alternative Companies List</th>
<th>Corporate Bonds</th>
<th>Collective Investment Schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Capitalisation</td>
<td>The expected Market Value of all equity securities must be at least €1,000,000.</td>
<td>N/A</td>
<td>The expected Market Value of all equity securities must be at least €1,000,000.</td>
<td>N/A</td>
</tr>
<tr>
<td>Shares in public hands</td>
<td>At least 25% of the listed shares are held by the public.</td>
<td>N/A</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Audited Accounts</td>
<td>Applicant must have published audited Annual Accounts which cover at least 3 financial years and have shareholders’ funds less intangible assets of at least €600,000</td>
<td>N/A</td>
<td>Applicant must have fully paid-up capital of at least €250,000.</td>
<td>N/A</td>
</tr>
<tr>
<td>Management</td>
<td>The Directors and senior management must collectively demonstrate appropriate expertise and experience for the management of the Group’s businesses.</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualified Auditors’ Report</td>
<td>The Auditors’ Report must not contain any unexplained qualification</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Governance Code</td>
<td>Applicant should endeavour to adopt the Code of Principles of Good Corporate Governance and shall report how it has complied with the provisions.</td>
<td>N/A</td>
<td>This applies only to closed–ended Collective Investment Schemes</td>
<td></td>
</tr>
<tr>
<td>Compliance Office</td>
<td>To employ Compliance Officer for listing related issues on a permanent basis.</td>
<td>N/A</td>
<td></td>
<td>N/A</td>
</tr>
</tbody>
</table>

Note - The full listing rules may be found on the MFSA website www.mfsa.com.mt
LISTING OF FINANCIAL INSTRUMENTS

The process for financial instruments being admitted to any of the recognised lists of the Malta Stock Exchange starts with a prospective Issuer seeking “Admissibility to Listing” from the Listing Authority, [MFSA]. Granting of “admissibility” means that the Listing Authority has approved the Prospectus for issue and the Issuer may seek admission to any of the Exchange’s recognised lists.

It would be opportune to set up a preliminary meeting between the relevant parties and the Exchange before the formal application is made so as to clarify any operational matters and to ensure the smooth running of the whole process in the shortest possible time.

In order to be able to apply for Admissibility from the Listing Authority, the first step is to appoint a Sponsor. Sponsors must be in possession of at least a Category II licence in terms of the Investment Services Act (Chapter 370 of the Laws of Malta).

The role of the Sponsor is to guide the prospective Issuer through the whole listing and admission process, to co-ordinate processes of all the advisors as well as to act as liaison with the Listing Authority and the Exchange to generally advise the prospective Issuer on all related matters including those issues related to the secondary market.

As would be expected, there are a number of conditions which would need to be met by prospective Issuers of the financial instruments as outlined in the Listing Rules issued by the Listing Authority and may be found on the MFSA website – www.mfsa.com.mt/pages/viewcontent.aspx?id=267

The current maximum timeframe for approval of a prospectus by the Listing Authority is 20 working days from submission of final documents. However, this approval procedure is an iterative process before the final documents are submitted and which may vary in length depending on many factors, including the nature of the business of the Issuer and the nature of the financial instrument to be listed.

Once the Listing Authority has authorized the financial instruments as admissible to Listing, they would be eligible for admission to one of the recognised lists of the Exchange. The admissibility and admission processes are usually concurrent and do not involve duplication of submissions or vetting of documentation. Requirements for Admission to the Malta Stock Exchange are found in Chapter 6 of the MSE bye-laws – these may be found on the MSE website www.borzamalta.com.mt
TRADING OF FINANCIAL INSTRUMENTS

All the listed financial instruments, with the exception of Collective Investment Schemes which are traded through the respective fund managers, are traded on the market by Members of the MSE acting on behalf of and in accordance with the instructions of their clients.

Trading hours:

<table>
<thead>
<tr>
<th>REGULAR MARKET</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre Open</td>
<td>09:30 – 10:45</td>
</tr>
<tr>
<td>Open</td>
<td>10:45</td>
</tr>
<tr>
<td>Continuous Open</td>
<td>10:45 – 12:30</td>
</tr>
<tr>
<td>Close</td>
<td>12:30</td>
</tr>
<tr>
<td>MALTA GOVERNMENT TREASURY BILLS MARKET</td>
<td></td>
</tr>
<tr>
<td>Open</td>
<td>09:30</td>
</tr>
<tr>
<td>Close</td>
<td>10:30</td>
</tr>
<tr>
<td>OFF-MARKET TRADES REPORTING – MALTACLEAR</td>
<td></td>
</tr>
<tr>
<td>Open</td>
<td>09:30</td>
</tr>
<tr>
<td>Close (Malta Government Treasury Bills only)</td>
<td>10:30</td>
</tr>
<tr>
<td>Close</td>
<td>12:30</td>
</tr>
<tr>
<td>OFF-MARKET TRADES REPORTING – Free of payment</td>
<td></td>
</tr>
<tr>
<td>Open</td>
<td>09:30</td>
</tr>
<tr>
<td>Close</td>
<td>12:30</td>
</tr>
</tbody>
</table>

MALTA CENTRAL SECURITIES DEPOSITORY - REGISTRY AND CLEARING AND SETTLEMENT

All financial instruments traded at the Malta Stock Exchange are dematerialized, i.e. share and bond registers are held in electronic format and no certificates are issued as confirmation of holdings. All market transactions, off-market transfers and other amendments related to registers of listed companies, are reflected in the relevant registers held within the Central Securities Depository.

Each investor in listed financial instruments traded on the Exchange is assigned an Account Number within the Central Securities Depository. Such account is opened by the Member acting on behalf of the investor, custodians or as a result of participation of an investor in an initial public offering. Such Account Number is unique to each investor and all holdings, transactions, transfers, etc are reflected in this account number. At least once a year, clients receive Statement of Holdings showing all the financial instruments’ balances held within their account.

Clearing and settlement of financial instruments, i.e. the exchange of financial instruments for payment, takes place on T+3 (T is the day of transaction) for all financial instruments except Malta Government Treasury Bills which are settled on T+0. Clearing and settlement is performed by Maltaclear which forms part of the operations of the Central Securities Depository.
The Central Securities Depository also provides a number of corporate services to Issuers, such as the processing of dividend / interest payments, special mandates and redemptions, new issues and rights and bonus issues, regulatory or other ad hoc reporting and updating of registered holdings’ details.

Other services include:

- Transfer of Ownership in Off Exchange Transactions
- Pledge / Release of Securities
- Freeze of Securities after a Court Order
- Services to Investors such as: Statement of Account, information for investors’ account

**The MSE CSD link with Clearstream Banking**

Institutional investors participating in a Maltese fund or other investment already holding accounts with Clearstream Banking in Frankfurt or Luxembourg, or any other securities depository linked with Clearstream, do not need to open an account with the Malta Central Securities Depository but may use their Clearstream or other CSD account to connect to the local market through the link set up between Clearstream and the Malta Central Securities Depository.

The Malta Stock Exchange has created the link with Clearstream specifically to facilitate the entry for foreign institutional investors into the Maltese market and vice-versa, i.e. to facilitate the participation of Maltese investors into foreign markets. Indeed Maltese investors without a Clearstream or other CSD account abroad may still hold internationally issued securities over a secure and efficient link by appointing the Exchange as their custodian.

The relationship between MSE and Clearstream allows Maltese financial instruments to be deposited, cleared and settled in an international environment making these financial instruments much more liquid since they may be actively transferred in a secure manner anywhere in the world through Clearstream’s global reach.

The converse of the above, Maltese investors wishing to invest in foreign securities may do so by transacting the purchase or sale through a Member in the normal manner, with the difference that instead of maintaining an account directly with a foreign depository to reflect these investments, the MSE Central Security Depository will hold these investments on behalf of the Maltese investor through its custodial relationship with Clearstream Banking.

Title over such international investments will be acknowledged on the relevant value settlement date in the client’s respective portfolio securities account held at the MSE Central Securities Depository in Valletta.
Cash corporate action payments are administered by the MSE as custodian in the client’s dedicated cash account. Furthermore all corporate action instructions, including the exercise of any voting rights and also any possible applicable withholding tax reclaims, will be governed by ad hoc service level undertakings forming part of the custody appointment.

The advantage of the relationship with Clearstream is that it gives foreign companies easier access to the possibility of their equities or commercial paper to be listed and domiciled under the MSE brand, and through EU passporting, traded in exchanges or trading facility other than those found in Malta, thus enjoying the benefits of a safe, and regulated financial services centre with an excellent reputation, and the liquidity of a trading environment that is closer to home. It also allows for Maltese investors to have access to foreign investments under the security of the MSE depository through which they could benefit from an efficient infrastructure and the comfort of an institutional and recognised partner.

Memberships and affiliations

The Malta Stock Exchange plc is a member of

- Federation of European Securities Exchanges
- World Federation of Exchanges
- International Organisation of Securities Commission
- European Central Securities Depositories Association
- European Capital Markets Institute
- European Corporate Governance Institute
- International Securities Services Association
- Association of National Numbering Agencies

The MSE is also a signatory of

- EU Code of Conduct on Clearing and Settlement
For more information, and in the event of any enquiries, please contact:

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Information found in this document is correct as at November 2011
THE ISLAND OF MALTA

Malta joined the European Union on 1st of May 2004, and adopted the EURO as its national currency in 2008. However, Malta’s political, economic, cultural and historical connection with Europe can be traced back for many centuries due to its geographically strategic location, at the cross-roads between East and West.

Malta is a fast-developing financial and business centre right in the heart of the Mediterranean, an island which boasts an advanced communications set-up and a business environment which gives every incentive for companies operating here, to invest, grow, innovate and compete in the global marketplace. Boasting a highly educated and English-speaking workforce, a European time zone, a Mediterranean lifestyle as well as excellent air and sea connections to continental Europe and beyond, Malta is now recognized internationally as a low-risk jurisdiction benefitting from economic and political stability which makes the Island a safe and secure place to do business. It boasts a highly-qualified workforce and relatively low labour costs and benefits from having a legal structure which is based on the civil-law system of continental Europe and having an administrative and fiscal legislation which is based on UK law.

Malta enjoys a balanced vibrant economy in which manufacturing makes up 17% of GDP and financial services 13%. The financial services sector continues to play an important part in the economic development of the country and indeed, in line with national policy, this sector is well on the way to becoming Malta’s third pillar of the economy together with tourism and construction. Malta has a strong, yet flexible single regulatory body in the Malta Financial Services Authority (MFSA) which is responsible for all licensed financial services activity on the Islands, and which has a function-based structure in line with EU and global best practice standards. Malta’s strong bias towards robust regulation and expert practitioners has led to Malta becoming a highly developed financial centre, which is expected to grow significantly over the next decade. It offers excellent possibilities for low-cost financing of investment transactions and international activities. All domestic and foreign transactions are handled quickly and reliably by Maltese and foreign banks using the latest information technology and telecommunications systems.