



MALTA
STOCK EXCHANGE



ANNUAL
REPORT
2020



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STOCK EXCHANGE



ANNUAL REPORT 2020

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MALTA STOCK EXCHANGE

as at 31 December 2020

Board of Directors

Chairman

Deputy Chairman

Directors

Mr Joseph Portelli
Professor Joseph Falzon
Dr Abdalla Kablan
Professor Tanya Sammut-Bonnici
Mr Steven Tedesco
Ms Marie Cordina

Company Secretary

Audit Committee

Chairman

Members

Mr Steven Tedesco
Mr Joseph Portelli
Professor Tanya Sammut-Bonnici
Ms Charmaine Baldacchino
Ms Claire Mula

Secretary

Risk Management Committee

Chairman

Members

Professor Joseph Falzon
Mr Joseph Portelli
Dr Abdalla Kablan
Mr Simon Zammit
Mr Alfred Sammut
Ms Charmaine Baldacchino
Ms Marie Cordina
Ms Claire Mula

Secretary

Remuneration Committee

Chairman

Members

Mr Steven Tedesco
Mr Joseph Portelli
Professor Tanya Sammut-Bonnici



LETTER OF TRANSMITTAL

as at 31 December 2020

The Chairman
Malta Stock Exchange plc
Garrison Chapel Castille Place
Valletta VLT 1063

26 April 2021

The Chairman
Malta Financial Services Authority
Triq I-Imdina, Zone 1
Central Business District
Birkirkara CBD 1010

Dear Sir

In accordance with the Financial Market Rules Stipulating Financial Requirements and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories, I have the honour to transmit the Audited Financial Statements and a report on the activities of the Malta Stock Exchange for the year ended 31 December 2020.

Yours faithfully



Joseph Portelli
Chairman

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CHAIRMAN'S MESSAGE



CHAIRMAN'S MESSAGE



During the first quarter of 2020 the Malta Stock Exchange (MSE) was hard at work executing on its growth strategy, which included plans to raise our international profile and presence, and develop further the MSE brand. The year started well, and indications were favourable towards achieving our annual targets. However, the year was significantly impacted by the Covid-19 pandemic, which required a complete rethink of the Exchange's normal operations.

Although turnover was initially on track during the first few months before the Covid-19 related volatility, the year ended with lacklustre turnover when compared to 2019. This was primarily due to investor inertia, and a significant drop in the number of corporate new issues coming to our main market, which amounted to only one equity and six corporate bonds. The Prospects MTF and the Institutional Financial Securities Market (IFSM) showed subdued trading activity. Although corporate capital raising activity declined significantly, the Maltese Government issued 17 bonds in addition to its normal Treasury Bill issuance.

In spite of a challenging economic environment, we are pleased with how the Exchange managed to respond to the new market conditions and how staff were able to convert to working remotely without any tangible effect on our efficiency, productivity and daily operations. This new reality impacted every area of our operations, as well as the MSE Institute, which also switched to providing its courses online very effectively.

I am pleased to report that at Group level, particularly with positive contributions from the Malta Stock Exchange Institute (MSEI), the Group registered record revenue of €7,131,955.

At Company level, the Malta Stock Exchange registered an operating profit of €3,601,596, an increase of 4.28% when compared to 2019. This came about in spite of a 0.73% drop in revenue (€7,008,779 versus €7,060,281). However, administrative expense declined 6.95% (€3,174,299 versus €3,411,569), which directly resulted in record operating profits. We are very proud of the fact that we have managed to decrease year-on-year operating costs annually for four out of the last five years; this in spite of investing in numerous new projects and initiatives.

In 2020 after tax net profit declined 16.9% to €2,374,845 (€2,856,912 in 2019), primarily due to significantly lower income from financial assets, which in 2019 included €548,507 in gains from the disposal of a large chunk of our investment portfolio.

The balance sheet position remains very healthy, with a net asset value of over €11 million (€10.2 million in 2019). A cautious dividend policy has been maintained to ensure that the Exchange remains adequately capitalised to be able to withstand adverse market conditions and extreme circumstances. However, the Board will consider raising its dividend in 2021, a testimonial to our optimistic economic and business outlook over the coming years.

Keeping with our strategy to introduce new capital market products, the Exchange was able to introduce Real Estate Investment Trusts (REITs) to the market. This new offering should afford investors a new opportunity to participate in the rental property market while allowing property owners a new avenue to dispose of their real estate assets.

Notwithstanding the pandemic, we still published the second MSE Business Review magazine that, although delayed by Covid-19, was well received and is fast being acknowledged to be a publication that reflects the professionalism, quality and creativity that has become synonymous with the Exchange.

In 2020, the Exchange continued to place a strong focus on areas such as compliance, risk and cyber security, and the introduction of an employee training policy ensured that all staff participated in training programmes pertaining to compliance, risk management, cyber security and other subjects that were provided by the MSEI.

The Institute continued on its mission to improve financial literacy and offer cost-effective short courses on a myriad of subjects to the public, as well as courses aimed at practitioners in the financial services sector. In 2020, MSEI offered 80 courses and attracted 1,121 participants in spite of the challenges encountered in converting to an online environment and the market uncertainty that undoubtedly impacted companies' investment in their staff training budgets. The Institute also applied and obtained funding for another project from the

EUPA national agency. These two projects are being led and co-ordinated by the MSEI, with the participation of several other European entities, to create training in the area of entrepreneurial use of blockchain technology and to improve financial literacy.

We were, unfortunately, unable to organise the annual investor education conference, an event that had been held for the past five years, due to the pandemic. Likewise, we were unable to pursue our efforts to raise the awareness of the MSE brand internationally through participation in events and business development promotions. I am confident that, once the circumstances improve, we will be well placed to rekindle our efforts to take the MSE brand to a new level.

The 2020 results were very positive in spite of circumstances and would not have been possible without the dedication and contribution of our entire Malta Stock Exchange team. I remain grateful to our executives, particularly our Chief Officer, Mr Simon Zammit, our Chief Human Resources and Corporate Services Officer, Mr Alfred Sammut, and our Chief Financial Officer, Ms Charmaine Baldacchino. I would also like to highlight the contributions from my fellow Board members and am grateful for their support and encouragement. I take the opportunity to thank the outgoing Hon. Minister for Finance, Prof. Edward Scicluna, for his past support and the Hon. Minister for Finance and Employment, Clyde Caruana, for his abundant energy, sound advice and constant backing.



Joseph Portelli
Chairman



CHIEF OFFICER'S REPORT



CHIEF OFFICER'S REPORT



Despite the unprecedented environment within which the local and international economy operated during the majority of last year, the performance of the Exchange remained relatively stable. Throughout 2020, the Malta Stock Exchange has shown resilience and executed a seamless changeover to remote working operations of the market infrastructure, which continued during the year with uninterrupted service to its customers and stakeholders.

Our revenue decreased only marginally by just €51,000 to €7.01 million, while we also managed a reduction in operating and administrative expenses of €242,000, representing a decrease of over 6.7%. The reduction in the cost base may be attributed largely to the continued vigilance in cost management, as well as the non-realisation of various expenses due to Covid-19 disruptions. These disruptions led to the limited use of the Exchange's premises throughout the year and to the cancellation of events and business development activities, resulting in savings of certain administrative expenses.

The overall reduction in administrative costs resulted despite a marginal increase of €23,000 or 1.3% in our wages and salaries bill, even though the average headcount decreased during the year. It is relevant to point out that a new Collective Agreement came into force in 2020 and included an improved financial package for all our employees. I would like to take the opportunity to thank the General Workers' Union and all those

involved in the negotiations for the successful conclusion of the new collective agreement.

The reported profit before tax for the year ended 31 December 2020 was €3.67 million. This represents a decrease of €0.43 million or 10.5% compared to the previous year, emanating primarily from one-off gains on disposal of financial assets of €548,500 recorded in 2019.

During most of 2020 market sentiment was obviously dominated by the unforeseen global and local circumstances caused by the Covid-19 pandemic. While market activity and trading volumes during the first quarter of 2020 were within the same levels of the previous year, this positive sentiment quickly dampened during the second quarter and throughout the rest of the year as the economic instability created by the pandemic continued to unfold. As trading volumes and market liquidity started to decrease in the second quarter of the year, the levels of unsatisfied orders in the market started to increase.

Notwithstanding that the market did not experience any widespread drastic price fluctuations, we maintained a close engagement with the regulator, market representatives and stakeholders to monitor the situation continuously. The Exchange's commitment was to retain all our services operational even while the majority of our staff were given the opportunity to work from home. Indeed, given that our technical infrastructure, as well as our human resources, were already fully prepared for this eventuality, we fulfilled this commitment both to the market by keeping all our trading and depository services functioning, and towards the public at large by sufficiently manning the Exchange premises, which was kept open throughout these difficult times.

Throughout the year we ensured full compliance with the Health Authorities' guidance and recommendations to guarantee a healthy, safe environment for all our staff and visitors. Similarly, our training and educational arm, the Malta Stock Exchange Institute, was quick to react to the situation by successfully moving all its courses to an online environment.

The market sentiment described above undeniably had an impact on market volumes, prices and capitalisation. Total market turnover for 2020 decreased by €163.6 million or 33.6% when compared to the previous year and stood at €324 million. The largest decrease in trading volumes was experienced in the Malta Government Stocks segment which fell by 46.1% or €139.4 million, followed by the equity segment which decreased by 34.3% or €30.6 million. The corporate bond segment registered an increase of €6.4 million or 6.7% when compared to the previous year.

While the overall market capitalisation of €13.6 billion as at the end of the year showed an increase of 5.2% from the €13 billion as at the end of 2019, the market capitalisation of the equity segment fell by 12.2%, dropping €579.7 million of its value from the beginning of the year. The fall in share prices throughout

the year was also reflected in the MSE Equity Total Return Index, which fell to its lowest level for the year at the beginning of November when it closed at 7,067.578 and closed the year at 8,471.335, down 11.9% from 9,615.70 at the end of 2019.

Similarly, primary market activity slowed down considerably in 2020, when compared to previous years as issuers seemed to put on hold plans to issue financial instruments until market conditions were more predictable. This sentiment was clearly evident in the Prospects MTF market, where several issuers, having already approached the Exchange with proposals to admit securities, decided to put their plans on hold. Similarly, in the Regulated Main Market, only six corporate bonds were newly listed when compared to the 16 in 2019. On the contrary, with regard to Malta Government Stocks, a total of 17 new bonds were listed, when compared to the eight listed in 2019.

On the equity side, we are pleased to have welcomed a new company to the market that listed its shares on the Regulated Main Market following a successful IPO. Once again, the Exchange provided operational and administrative support to the Treasury Department of the Government of Malta during the issue of the 62+ *Malta Government Savings Bond*. Despite the challenging environment within which this issue was conducted, the issue was completed successfully and on time thanks to the close collaboration between the Treasury's and the Exchange's operational staff.

Throughout the year we continued to act on various strategic initiatives for the development of the local capital market. In this regard, and in close collaboration with the MFSA, new bye-laws were drafted and discussed with stakeholders to introduce Real Estate Investment Trusts (REITs) to the market, as well as to introduce a Green Market for the listing of Green Bonds. Towards the end of the year, we were informed by the MFSA that the REITs bye-laws were approved, thus making these new instruments possible for listing on the Regulated Main Market. With our proposals for the Green Market, the Exchange has also shown its commitment to facilitate and assist sustainable finance initiatives and we are pleased that with the groundwork laid during 2020, and with the approval earlier in 2021 of the proposed bye-laws, Green Bonds have now become a new capital market offering.

In the extraordinary circumstances that have presented themselves throughout 2020, it would have been impossible to report the successes and outcomes that are outlined in this report without the leadership and firm commitment from all involved in the operations of the Exchange. I would sincerely like to thank the Chairman and the Board of Directors for their continuous guidance and support, and all the management team and colleagues at the Exchange for the teamwork and commitment shown throughout the year.



Simon Zammit
Chief Officer



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ADMINISTRATION REPORT



ADMINISTRATION REPORT



Governance

The Board

The Board of the Malta Stock Exchange (MSE) was reappointed for a period of three years with effect from 22 April 2019. The Board is composed of Mr Joseph Portelli, Chairman; Professor Joseph Falzon, Deputy Chairman; Dr Abdalla Kablan, Director; Professor Tanya Sammut-Bonnici, Director; and Mr Steven Tedesco, Director. Ms Marie Cordina is the Company Secretary.

Similarly, the Board of MSE (Holdings) Ltd, which has the same composition as the Board of Malta Stock Exchange plc, was also reappointed for a further period of three years with effect from 22 April 2019.

In 2019, Mr Joseph Portelli, Professor Joseph Falzon and Mr Simon Zammit were reappointed as Chairman and Directors, respectively, of the Malta Stock Exchange Institute Limited for a period of three years up to 21 April 2022.

Mr Joseph Portelli is also Chairman of MSX plc, Professor Joseph Falzon is a Director of this company.

CSD (Malta) plc, which was put into voluntary liquidation in 2018, was struck off the Register of Companies on 11 September 2020.

General Meetings

On 29 April 2020, the Malta Stock Exchange convened its Annual General Meeting during which the shareholders considered the minutes of the Annual General Meeting held on 29 April 2019, the minutes of the Extraordinary General Meetings held on 10 July 2019 and 19 December 2019, the appointment of the directors, the appointment of the auditors, the Directors' Report, the Auditor's Report and the Audited Financial Statements for the year ended 31 December 2019.

During the Extraordinary General Meeting held on 30 June 2020, an interim net dividend of €750,000 was approved by the shareholders.

Towards the end of the year, on 22 December 2020, an Extraordinary General Meeting was held during which the shareholders approved a final net dividend of €750,000.

Board Meetings

During the year, 12 regular meetings and one *ad hoc* meeting of the Board of Directors were held.

Early in the year, the Board started to monitor closely the rapidly changing situation with regard to the Covid-19 pandemic and, together with the Executive Management team took the necessary measures to ascertain that the Exchange would be in a position to continue offering its services to its clients in the eventuality that the situation escalated.

As the situation evolved, the Board extended the credit period allowed to companies listed on the MSE's Regulated Main Market, as well as those admitted to Prospects MTF, from 60 to 120 days. The new terms offered also included the waiving of late payment fees and the provision of bespoke credit terms, as necessary. Additionally, the Board extended the financial reporting deadlines for companies admitted to Prospects MTF.

The Board was regularly updated on developments in the local capital markets, as well as on the contingency measures implemented due to the pandemic, such as the widening of the Remote Working Policy, thereby enabling most members of staff to work from home to minimise the risk of Covid-19 contagion.

As in previous years, apart from discussions on strategy and new business streams, the Board maintained oversight on operations, risk management, governance, compliance and regulatory issues. The Board strengthened the MSE's internal processes through updates of internal policies, including the Complaints Handling Policy, the Staff Training Policy and the Data Retention and Disposal Policy.

Furthermore, the Board considered a number of amendments to the bye-laws, such as those relating to the introduction of listing and trading of Real Estate Investment Trusts (REITs) and Green Bonds.

Board Committees

The Audit Committee, Risk Management Committee and the Remuneration Committee, which are constituted in line with Chapter 2 of the bye-laws, provided support to the Board throughout the year. As reported below the Audit Committee and the Risk Management Committee met on a regular basis and the Remuneration Committee was convened once in 2020.

Audit Committee

The Audit Committee, which is chaired by Mr Steven Tedesco, was convened quarterly. An additional five *ad hoc* Committee meetings were held throughout the year.

As in the preceding years, the Committee reviewed and analysed the MSE's quarterly Management Accounts. The Committee closely monitored trade debtors for any potential recoverability issues, as well as the MSE's Investment Portfolio. Meetings with the Internal Auditor were held on a regular basis and the Committee reviewed the Internal Audit reports and maintained oversight of the implementation of any recommended action. The Committee also considered the proposed changes to the MSE's fee structure and the Credit Control Policy. Furthermore, the Committee made recommendations to the Board and to the Risk Management Committee, as required.

Risk Management Committee

During 2020, the Risk Management Committee, chaired by Professor Joseph Falzon, met quarterly.

The Risk Manager provided updates on the Risk Management and Internal Capital Adequacy Assessment Process (RMICAAP) and the MSE's risk register. Moreover, the Committee focused on monitoring key risks, particularly those relating to the Covid-19 pandemic that were identified during the year and maintained oversight of the relevant actions taken to mitigate those risks.

The Committee also considered the proposed updates to the Risk Management Policy; actively managed the MSE's Investment Portfolio; maintained oversight of health and safety matters; and made recommendations to the Board when necessary.

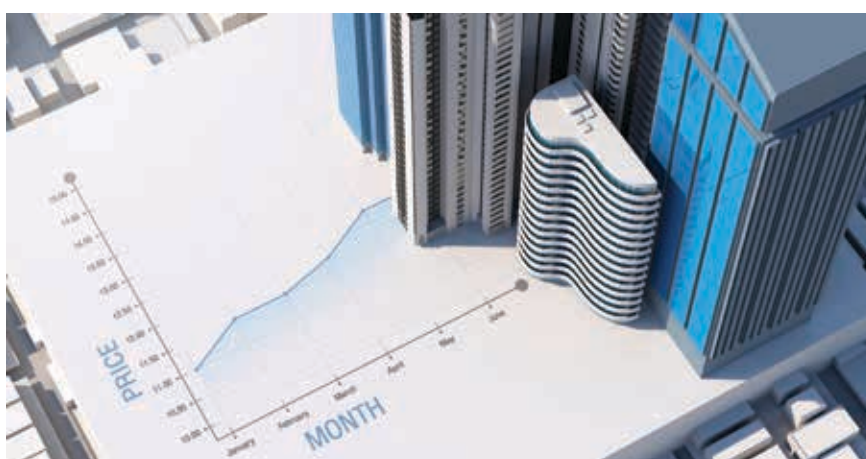
Remuneration Committee

The Remuneration Committee met once during the year to consider the variable element of the remuneration of senior management.

Business Development

Launch of Real Estate Investment Trusts

Throughout 2020, the Exchange continued to develop the framework for the introduction of trading in Real Estate Investment Trusts (REITs). Various meetings were held with market participants and stakeholders to finalise the REITs framework. The new REITs bye-laws provide for the introduction of financial instruments that give investors the possibility to earn



dividends by investing in real estate companies that operate in the property rental business. Following the approval of the bye-laws by the MFSA, this product was officially launched on 10 December 2020 during a webinar organised by the MSE.

Green Bonds Market

Concurrently with the REITs project, the Exchange initiated the development of the regulatory framework to support the listing and trading of Green Bonds in the local market. In Q3 2020 the proposed framework was drawn up and various discussions were held with stakeholders. MFSA approved the proposed bye-laws in Q1 2021.

Refurbishment

Due to the Covid-19 pandemic and the move to a work-from-home policy, the presence of staff physically at the Exchange was limited. This situation offered favourable circumstances for the refurbishment project and the upkeep of the Exchange's premises to continue, albeit with logistical and organisational challenges.

Throughout the year, several repairs and regular maintenance were carried out on mechanical infrastructure of significant importance. This included the servicing of the generator and the installation of new, modern water pumps which supply water throughout the building by means of a pressure booster system. Furthermore, metal gates were installed on the front part of the Exchange building for safety and security purposes. In addition, an intruder alarm system, fire-fighting equipment, CCTV cameras and a card reader system were replaced due to damage sustained during lightning storms.

The refurbishment works continued with the removal of the open balcony on level one of the building, which was replaced with the installation of steel beams and a solid frame structure on top, serving as a platform on which laminated parquet flooring was mounted. This complemented the whole platform on that level. In addition, new bathrooms were installed on both the ground floor level and level one. The bathroom doors and the corridors were also renovated.



Moreover, the floor on level -1 was renovated to a new, aesthetically pleasing dining area. The walls were covered with laminated wood to match the dining table, which was redecorated with a new, solid wood top. To give an appealing look, a new soffit ceiling with warm white spotlights was installed, together with a clear and solid glass balcony, which provides a feeling of transparency in harmony with the rest of the building.

To enhance security, additional cameras were installed in the upper level of the premises, thus further extending the surveillance and control over the Exchange building.

Human Resources

Union Representation and Collective Agreement

Negotiations for the bargaining of a new Collective Agreement initiated towards the end of 2019 and carried on during the first quarter of 2020. The Exchange held several meetings with representatives of the General Workers' Union (GWU) and the Industrial Relations Unit with respect to the new Collective Agreement to discuss matters, including staff salaries, and operational and disciplinary matters. The GWU and the Exchange reached a mutual agreement and, towards the beginning of the second quarter of the year, the new MSE Collective Agreement was signed.

The Exchange would like to take the opportunity to welcome and thank the incoming Union Section Secretary, Ms Riccarda Darmanin, and all the members of the Staff Representative Committee, led by the Shop Steward, Ms Melissa Farrugia

together with Mr George Camilleri and Ms Amanda Mizzi, for their support throughout the year.

Staff Complement

A Manager II and a Supervisor were assigned to the Prospects MTF Business Conduct Office and a Supervisor was redeployed to the Data Operations Office.

As at the end of the year, the Exchange's staff complement stood at 53, split on a gender basis between 36 females and 17 males. Consistent with the previous year, this largely reflects the gender split throughout most of the grades in the organisation. The complement included 25 staff in the managerial grades, 18 in the supervisory grades and four in the officer grades. The staff complement also included six non-clerical staff, split between three males and three females.

Staff Training

The Exchange continued to promote staff training, both externally and at the MSE Institute. In total, 40 staff members and directors attended 127 courses.

Staff training and awareness sessions in the areas of combating cyber-crime were held to enhance the staff's knowledge on cyber threats and how these could be mitigated. Other staff awareness sessions on Risk Management, Compliance and GDPR were held. Throughout the year, members of staff attended courses organised by the MSE Institute on Cyber Security, Fraud Prevention and Information Security Governance and the Prevention of Money Laundering and Funding of Terrorism, among others.



Family-Friendly Measures

To comply with the Health and Safety regulations issued by the Health Department in view of the Covid-19 pandemic, all employees were given the opportunity to choose to perform their duties from home or to work from the Exchange's premises.

Health and Safety Measures

Due to the Covid-19 pandemic, the required health and safety measures were introduced to conform with the public health and safety regulations. Heads of Departments were given the task to ensure that staff working from the Exchange would only do so subject to a pre-determined schedule to avoid multiple staff members from the same department working in the same office on a given day. Measures included the provision of hand sanitisers and alcohol wipes, which were made accessible in all areas of the building, to prevent the spread of the Covid-19 virus within the Exchange premises.

Staff members deployed at the Reception area were directed to take the relevant screening measures, including taking the temperature of any person entering the premises and taking note of their particulars for contact-tracing purposes. These members of staff were also directed to wear gloves and protective masks, as well as to keep at a safe distance while attending to customers. Furthermore, employees working from the Exchange were instructed to wear protective masks while moving in the public areas of the building.

Social Events Committee

In contrast to preceding years, the Social Events Committee was constrained to cease most events during the year due to the

Covid-19 pandemic. The only events that took place were held at the beginning of the year and consisted of the organisation of two lunch break activities and a four-day tour to Nuremberg.

Document Scanning

In a co-ordinated exercise controlled and managed by the HR Department, the Exchange embarked on an exercise to decrease the number of archived boxes and thereby reduce the annual document storage cost. This entailed analysing the contents of each archived box, scanning the documents and transferring the contents to the respective department's electronic archive. In compliance with the MSE's Data Retention and Disposal Policy and the Data Protection Policy, documents that were no longer required were securely destroyed.

Regulatory Matters

Bye-Laws

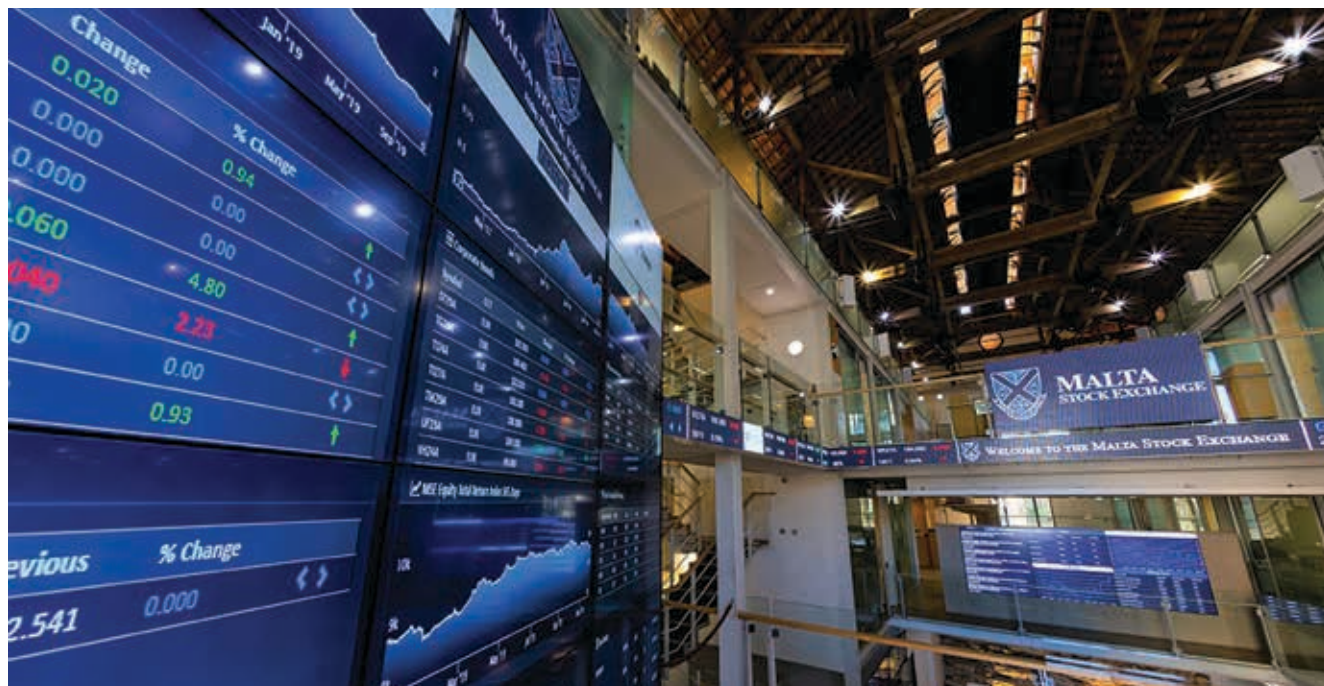
As indicated in the previous Annual Report, towards the end of 2019, the Board approved amendments to Chapter 7 (Clearing and Settlement) of the bye-laws to ensure that the three points of settlement finality are adequately addressed. At the end of December 2019, these amendments were submitted to the MFSA and, following the Competent Authority's approval, were subsequently published in January 2020.

Additionally, in December 2020, the Exchange published amendments to Chapter 1 (Interpretation) and Chapter 5 (Admission Requirements) of the bye-laws to include the listing of Real Estate Investment Trusts (REITs).

Fees and Other Charges

As had already been communicated through a Prospects MTF Notice in 2019, the Prospects MTF Admission Fees (Section 4 of Exchange Notice 1 – Fees and Charges) were revised in January 2020.





Revisions to the fees applicable for payment/transaction history were issued in September 2020 and a clarification to Section 6 – Dematerialisation Fees was issued in November 2020.

Risk Management and Internal Capital Adequacy Assessment Process (RMICAAP)

In January 2020, the Board, in terms of the Financial Market Rules Stipulating Financial Resources and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories, confirmed to the MFSA that the Exchange had a Risk Management and Internal Capital Adequacy Assessment Process (RMICAAP) in place that was comprehensive and proportionate to the nature, scale and complexity of its activities and functions.

Audit

During the Annual General Meeting, held on 29 April 2020, the shareholders unanimously approved the Audited Financial Statements for the year ended 31 December 2019.

The Audited Financial Statements and the Annual Report on the Exchange's activities during 2019 were submitted to the Competent Authority and published in accordance with the Financial Market Rules Stipulating Financial Resources and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories.

Corporate Social Responsibility

As in past years, the Exchange extended its support to various cultural, educational and philanthropic causes. The Malta Community Chest Fund and Puttinu Cares were two of the organisations that received the MSE's financial support in 2020.

On the educational front, the MSE sponsored and supported the 4th European Congress of Qualitative Inquiry (ECQI), organised by the Department of Banking and Finance of the University of Malta.

In April 2020, members of staff donated 147 days of Vacation Leave to the Covid-19 Solidarity Fund. Separately, the Chairman of the Malta Stock Exchange, Mr Joseph Portelli, also donated one month's salary to the Covid-19 Solidarity Fund.

Support to the Malta Association of Small Shareholders

The Malta Stock Exchange continued to support the Malta Association of Small Shareholders (MASS) by providing the use of the Exchange's premises in Valletta, as well as through financial support in line with the existing Memorandum of Understanding (MoU).

International Affiliations

The Malta Stock Exchange is an active member in the following international organisations:

- ANNA** Association of National Numbering Agencies;
- ECSDA** European Central Securities Depositories Association;
- FESE** Federation of European Securities Exchanges; and
- WFE** World Federation of Exchanges.

Conferences and Seminars

Although it was not possible to participate physically in conferences and seminars due to the pandemic, the MSE was still represented at a number of conferences and webinars held online during the year.

Exchange Participation at Industry Events

European Commission's 2020 Country Specific Recommendations

The Business Development and Marketing Office represented the Exchange during a webinar on the Country Specific Recommendations (CSRs) for Malta on economic policy guidance and sustainable economic growth, particularly in the Covid-19 scenario. The webinar was organised by the European Commission Representation. The keynote speaker at the event was Mr Reinhard Felke, Director, Directorate General Economic and Financial Affairs, European Commission. Other speakers were Mr Godwin Mifsud, Director General, Economic Policy Department, Ministry for Finance and Financial Services, and Perit David Xuereb, President, Malta Chamber of Commerce, Enterprise and Industry, who all gave their opinion on Malta's position within the reality of the pandemic and the action points that needed to be taken for the continued growth of the economy.

FinanceMalta 13th Annual Conference 2020

The MSE also sponsored the 2020 FinanceMalta Conference with the title 'Innovation in Financial Services: Gearing up for the new post Covid-19 Era'. The event was held between 13 and 15 October, with the panellists having the option to attend at the Hilton venue or to give their presentation online. During the event, MSE Chief Officer, Mr Simon Zammit, participated in the roundtable discussion and gave the MSE's views on how environmental, social and developmental responsibilities may be addressed by the financial services sector to ensure sustainable, long-term investments.

Webinar on Alternative Financing for SMEs

On 28 October 2020, Ms Stephanie Galea, Head of Business Development and Marketing, was invited to participate in a webinar organised by Prof. Francesco Frasca of the Università La Sapienza Rome and the Nuovo Centro Estero Veneto. During the webinar, Ms Galea delivered a presentation on the alternative financing opportunities that Prospects MTF offers to SMEs.

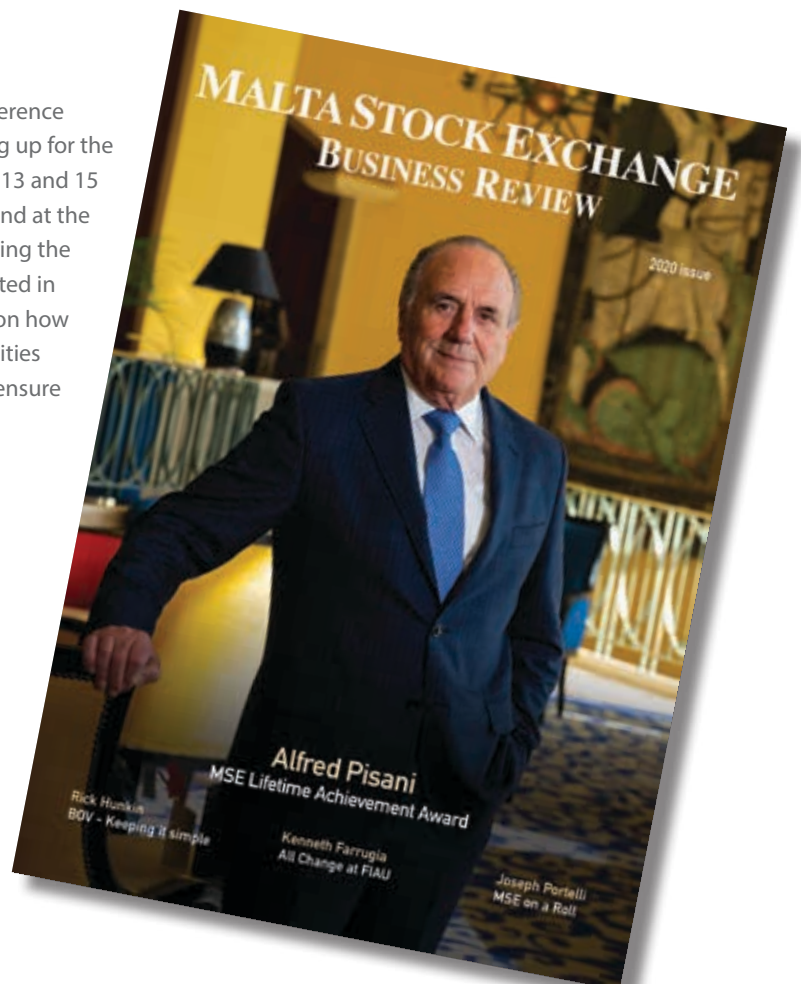
Joint Stakeholders Working Council Meeting

The MSE joined a number of government organisations in meetings of the Joint Stakeholders Working Council (JSWC), which was setup by the Ministry for Foreign and European Affairs to co-ordinate Malta's promotional activities abroad. By the end of December, the MSE had participated in two of these meetings. The first was held with the Maltese Ambassador for the United Arab Emirates, H.E. Maria Camilleri Calleja, and the second was held with the Maltese Ambassador for the Kingdom of Saudi Arabia, H.E. Clive Aquilina Spagnol. In both instances efforts were made to identify possible areas of collaboration with the Malta Stock Exchange.

Publications

The Malta Stock Exchange Business Review

The second edition of the Malta Stock Exchange Business Review magazine was published in October 2020. This edition included many key features and articles, including interviews with Mr Alfred Pisani, Chairman of Corinthia Group; Mr Kenneth Farrugia, Director of the Financial Intelligence Analysis Unit; and Mr Rick Hunkin, Chief Executive Officer of Bank of Valletta plc, among many others. This magazine is fast becoming a key publication that focuses on financial services and the Exchange is planning to publish the third edition in 2021.







EXCHANGE OPERATIONS AND OTHER ACTIVITIES



EXCHANGE OPERATIONS AND OTHER ACTIVITIES

Regulated Main Market

Total market turnover for 2020 stood at €324 million, a decrease of 33.6% (€163.6 million) when compared to 2019. The Malta Government Stocks (MGS) segment fell by 46.1% or €139.4 million when compared to the previous year, followed by the equity segment which decreased by 34.3% or €30.6 million. On the other hand, the corporate bond segment registered an increase of 6.7% (€6.4 million).

Market capitalisation as at the end of the year stood at €13.6 billion, an increase of 5.2% (€667.5 million) from €13 billion as at the end of 2019. The largest percentage gain occurred in the Treasury Bills market which increased by 114.8% (€344.8 million). This was followed by the MGS and the corporate bond markets, where the value increased by 14.8% (€897.2 million) and 0.28% (€5.1 million), respectively. The market capitalisation of the equity market fell by 12.2% or €579.7 million compared to 2019.

The MSE Equity Total Return Index closed at 8,471.335, down by 11.9% from 9615.70 at the end of 2019. The Index fell to its lowest level at 7,067.578 on 4 November and peaked at 9,585.86 on 18 February.

There was one equity listing by Harvest Technology plc during 2020, which had an initial market capitalisation of €34.2 million. Plaza Centres plc delisted part of its issued share capital, since it cancelled 2,750,000 shares after effecting a buy-back from its shareholders.

A total of six corporate bonds were issued during the year with a total value of €176 million, of which €13.7 million were rolled over from existing bonds and €162.3 million consisted of new

capital. This is less than half the amount that was issued in 2019, when a total €378 million capital was raised from 16 bond issues. In 2020, four corporate bonds with an aggregate value of €114.3 million were redeemed. In the previous year seven bonds were redeemed, which amounted to €128 million.

A total of 17 MGSs (eight in 2019) were issued during 2020, having a value of €1.3 billion (€352.5 million in 2019). The total nominal value of redeemed MGSs amounted to €462 million (€435.9 million in 2019). A 62+ *Malta Government Savings Bond*, amounting to €95 million, was issued by the Government of Malta; however, these were not admitted to listing and trading.

In 2020 a total of 100 Treasury Bills were issued with a combined value of €2 billion compared to 82 issues in 2019 totalling €1.19 billion. An aggregate of 81 Treasury Bills with a total value of €1.65 billion were redeemed in 2020, compared to 83 Treasury Bills with a combined value of €1.18 billion in 2019.

Institutional Financial Securities Market

In 2020 two securities were listed under IFSM with a market capitalisation of €53.2 million and seven securities with a value of €96.5 million were redeemed. There was no trading activity registered on IFSM throughout 2020.

Prospects MTF

At the beginning of 2020, five prospective issuers approached the Exchange to discuss potential admission to Prospects MTF. However, the Covid-19 pandemic had an impact on the

MSE Equity Total Return Index for 2020



Prospects MTF market, and the applications were put on hold due to the economic uncertainty, both locally and globally, throughout the year and, consequently, no securities were admitted in 2020. Nevertheless, during Q4 2020, one prospective issuer showed its intention to proceed with its application by formally submitting the application documents for admission to Prospects MTF.

On 9 January 2020, an equity admission was suspended, and this was eventually cancelled on 21 February 2020, due to the Issuer's inability to fulfil its obligations under the Prospects MTF Rules. Following the above, the number of Prospects MTF admissions at the end of the year totalled 23 securities (22 corporate bonds and one equity).

During 2020, two Corporate Advisors had their authorisation suspended and eventually cancelled in line with Prospects MTF Rule 2.03.07.07. Another four Corporate Advisors voluntarily resigned during the year. These six Corporate Advisors did not have active mandates with any Prospects MTF Issuers at the time of their cancellation/resignation. By the end of the year, 15 firms were authorised by the Exchange to act as Corporate Advisors to prospective or admitted Prospects MTF companies.

Market turnover in 2020 totalled €3.69 million, spread over 694 trades. This is 10.3% higher than the previous year, when €3.35 million in turnover was registered, made up of 555 trades.

Prospects MTF Rule Changes

A number of updates to the Prospects MTF Rules (the Rules) were carried out during 2020. Following MFSA's approval, these changes were issued to the market by way of Prospects MTF Notice 10 of 2020, dated 20 May, and Prospects MTF Notice 11 of 2020, dated 3 July.

These updates to the Rules primarily concerned a review of the Prospects MTF Committee's responsibilities, which has now become mainly responsible for the admission of securities to Prospects MTF and, accordingly, its name changed to Prospects MTF Admissions Committee. Other changes to the Rules were carried out to ensure further clarity in their interpretation, as well as to ensure that responsibilities of the issuers towards the Competent Authority, emanating from Market Abuse Regulations, are clearly defined in the Rules.

Central Securities Depository

At the end of 2020, the number of accounts held within the CSD stood at just over 76,800, a slight decrease compared to 2019, when the number of accounts stood at just over 77,400. The CSD processed around 420 corporate actions throughout the year, which included interest and dividend payments, redemptions and conversions.

The amount of securities admitted to the CSD increased marginally in 2020. A total of 128 securities were admitted in 2020 when compared to the 124 securities admitted in 2019. These consisted of one equity, six corporate bonds, 17 MGS issues, 100 Treasury Bills and two IFSM securities, which were all listed on the Regulated Main Market. No new securities were admitted to Prospects MTF during the year. Additionally, 2020 saw the admission of two non-listed securities.

During the year, 216 transactions were effected over the MSE CSD-Clearstream Banking AG link compared to the 192 transactions effected in 2019. The majority of these transactions related to non-listed securities.

e-Portfolio

The number of CSD accounts that were activated on the online e-Portfolio facility during the year was 575. This brought the total number of activated accounts to 7,416 by year end.

Dematerialisation of Non-Listed Securities

During 2020, 27 applications were received from non-listed issuers seeking CSD dematerialisation. Eighteen of these related to an increase in the dematerialised issued share capital of already admitted securities, totalling 264,470,195 ordinary shares. Four out of the 27 applications related to the dematerialisation of €1,400,000 fund shares, and another three applications were for the dematerialisation of €841,000 debt instruments. Two new instruments were admitted to the CSD, consisting of 46,315,775 convertible warrants and €1,919,000 debt instruments.

Three securities were redeemed during the year, and two instruments were terminated. A reduction in capital was affected on another two instruments.

As at year end, the number of non-listed securities admitted to the CSD amounted to 41, of which 17 are equities and 24 debt instruments.

Market Operations Office

The Market Operations Office admitted Hypo-Bank Burgenland Aktiengesellschaft as a new member of the Exchange. Two other members, Financial Planning Services Ltd and Tera Europe Ltd, terminated their membership. As at year end, the Exchange had 18 approved member firms. In addition, Market Operations processed 13 new traders' applications from seven different member firms. The number of active traders having access to the T7 Trading System at the end of the year stood at 50.

Regulated Main Market - Comparative Trading Figures

Security	Number of Deals		Volume/No. of Shares		Market Turnover (EURO)	
	2020	2019	2020	2019	2020	2019
Equities						
BMIT Technologies p.l.c. Ord €0.10	613	1,040	7,061,558	14,140,771	3,478,974.07	7,568,276.39
Bank of Valletta p.l.c. Ord €1.00	1,558	2,610	7,344,847	10,772,543	7,060,382.12	12,953,175.96
FIMBank p.l.c. Ord US\$0.50	138	157	2,427,435	2,109,264	896,583.48	1,229,248.45
Grand Harbour Marina p.l.c. Ord €0.12	21	47	218,435	256,045	119,801.00	160,419.62
GO p.l.c. Ord €0.582343	505	806	1,257,779	2,105,649	4,514,643.14	9,332,519.20
Harvest Technology p.l.c. Ord €0.50	85	-	176,886	-	258,891.45	-
HSBC Bank Malta p.l.c. Ord €0.30	984	700	7,085,317	2,756,950	6,631,419.43	4,344,997.68
International Hotel Investments p.l.c. Ord €1.00	323	518	2,427,094	5,079,106	1,510,047.25	3,794,874.58
LifeStar Holding p.l.c. Ord €0.291172	69	22	1,559,064	49,781	506,972.26	13,240.99
Lombard Bank Malta p.l.c. Ord €0.25	134	116	542,160	470,500	1,090,182.83	1,077,894.54
Logus Holdings p.l.c. Ord €0.232937	16	33	442,318	420,266	30,661.81	31,528.38
MIDI p.l.c. Ord €0.20	146	489	1,163,428	8,088,023	462,814.37	5,160,179.62
Medserv p.l.c. Ord €0.10	145	224	1,751,178	1,358,510	1,147,780.49	1,503,781.23
Malta International Airport p.l.c. Ord €0.25	1,877	956	1,985,270	1,878,819	10,548,850.87	12,696,180.50
Malita Investments p.l.c. Ord €0.50	151	268	1,003,784	2,065,597	876,310.64	1,803,211.84
Mapfre Middlesea p.l.c. Ord €0.21	162	183	280,968	533,516	625,684.12	1,159,975.06
Malta Properties Company p.l.c. Ord €0.32	329	456	3,751,982	4,611,590	1,953,256.34	2,810,156.86
Main Street Complex p.l.c. Ord €0.10	50	68	404,772	615,570	201,969.76	381,315.35
MaltaPost p.l.c. Ord €0.25	126	158	618,088	485,658	681,204.49	627,989.87
PG p.l.c. Ord €0.25	421	410	2,555,292	3,094,671	4,824,281.99	4,724,690.20
Plaza Centres p.l.c. Ord €0.20	74	156	508,122	1,561,974	482,714.89	1,585,046.86
RS2 Software p.l.c. Ord €0.06	907	998	3,802,767	5,289,522	8,306,352.79	8,841,542.24
Simonds Farsons Cisk p.l.c. Ord €0.30	287	245	143,867	350,507	1,220,290.25	3,357,157.90
Santumas Shareholdings p.l.c. Ord €0.275	9	43	6,239	115,776	8,734.07	168,846.18
Tigne Mall p.l.c. Ord €0.50	70	194	974,289	2,576,894	778,287.52	2,330,386.87
Trident Estates p.l.c. Ord €1.00	94	235	262,823	949,707	393,413.37	1,531,756.69
Total Equity	9,294	11,132	49,755,762	71,737,209	58,610,505	89,188,393
Corporate Bonds						
5.1% 1923 Investments plc Unsecured € 2024	534	303	3,177,300	1,731,800	3,186,194.65	1,770,365.87
5.1% 6PM Holdings plc Unsecured € 2025	233	214	1,716,300	1,371,100	1,722,104.35	1,390,945.71
3.25% APS Bank plc Unsecured Subordinated € 2025-2030	4	-	225,000	-	229,475.00	-
6% AX Investments plc € 2024	163	361	1,145,100	1,598,100	1,207,826.31	1,830,381.08
3.25% AX Group plc Unsecured € 2026 Series I	201	1	2,109,200	8,000	2,124,543.76	8,112.00
3.75% AX Group plc Unsecured € 2029 Series II	175	10	1,281,200	34,300	1,324,881.83	34,820.16
4.25% Best Deal Properties Holding plc Secured € 2024	146	181	1,412,400	1,598,800	1,438,305.98	1,651,403.84
5.35% Bank of Valletta plc Subordinated € 2019	-	38	-	270,500	-	270,209.68
4.25% Bank of Valletta plc € Notes 2019 S2 T1	-	12	-	231,800	-	231,209.00
4.8% Bank of Valletta plc Subordinated € 2020	3	136	15,000	1,567,200	14,889.85	1,584,102.29
3.5% Bank of Valletta plc € Notes 2030 S1 T1	121	197	2,954,200	6,073,000	2,965,347.53	6,094,713.01
3.5% Bank of Valletta plc € Notes 2030 S2 T1	132	134	1,848,800	2,530,000	1,850,165.12	2,532,495.20
3.75% Bank of Valletta plc Unsecured Subordinated € 2026-2031	43	23	894,000	757,000	907,549.40	763,677.00
3.75% Bortex Group Finance plc Unsecured € 2027	160	162	1,533,500	1,245,700	1,546,702.61	1,285,942.65
5.75% Central Business Centres plc Unsecured € 2021 S1 T1	16	18	72,400	121,200	73,740.90	126,778.45
5.25% Central Business Centres plc Unsecured € 2025 S2 T1	28	27	111,900	175,000	114,267.69	183,233.75
4.4% Central Business Centres plc Unsecured € 2027 S1/T1 T1	53	44	320,000	260,100	319,957.10	267,772.80
4% Cablenet Communication Systems plc Unsecured € 2030	133	-	1,224,000	-	1,249,337.40	-
6% Corinthia Finance plc € 2019-2022	-	6	-	59,000	-	59,356.00
4.25% Corinthia Finance plc Unsecured € 2026	199	116	1,216,400	608,100	1,219,402.67	628,711.55
5% Dizz Finance plc Unsecured € 2026	255	128	1,414,000	744,000	1,403,493.90	757,715.00
4% Eden Finance plc Unsecured € 2027	265	162	1,809,900	1,209,500	1,817,191.17	1,269,118.83
4.5% Endo Finance plc Unsecured € 2029	8	9	750,000	450,000	750,250.00	452,725.00
4% Exalto Finance plc Secured € 2028	42	71	981,800	937,100	991,202.23	987,299.51
4.9% Gasan Finance Company plc € 2019-2021	3	61	16,900	411,200	17,050.00	420,272.70
4.5% Grand Harbour Marina plc Unsecured € 2027	80	65	499,000	473,500	504,008.01	494,401.50
3.65% GAP Group plc Secured € 2022	226	341	8,313,600	4,890,500	8,466,954.03	4,973,444.68
4.25% GAP Group plc Secured € 2023	73	125	919,100	2,510,500	942,919.70	2,614,643.28
3.7% GAP Group plc Secured € 2023-2025 Series I	3	-	12,000	-	12,257.00	-
5% Hal Mann Vella Group plc Secured € 2024	135	120	749,500	754,100	770,977.74	798,841.98
3.85% Hilli Finance Company plc Unsecured € 2028	270	368	2,801,900	3,819,100	2,755,150.45	3,890,785.62
3.8% Hilli Finance Company plc Unsecured € 2029	575	237	6,721,400	1,864,200	6,642,584.99	1,866,574.27
4.5% Hilli Properties plc Unsecured € 2025	389	278	1,988,700	1,147,000	1,994,157.31	1,187,935.19
4.35% Hudson Malta plc Unsecured € 2026	70	134	483,400	1,181,900	498,499.28	1,223,967.10
4.5% Izola Bank plc Unsecured € 2025	39	33	407,700	221,700	422,702.93	236,292.35
5.8% International Hotel Investments plc € 2021	145	45	796,100	339,800	796,396.92	358,104.69
5.8% International Hotel Investments plc € 2023	75	28	665,700	405,700	668,624.25	436,034.05
6% International Hotel Investments plc € 2024	328	148	2,964,400	943,800	2,340,012.74	1,008,884.68
5.75% International Hotel Investments plc Unsecured € 2025	293	195	1,636,100	1,088,000	1,666,180.44	1,166,067.03
4% International Hotel Investments plc Secured € 2026	553	329	2,895,500	1,548,900	2,910,756.25	1,603,958.78
4% International Hotel Investments plc Unsecured € 2026	241	121	1,582,400	642,500	1,573,791.26	657,800.15
4% International Hotel Investments plc Unsecured € 2026 FI	-	215	-	2,081,600	-	2,132,327.66
5% LifeStar Holding plc Unsecured € 2021	43	97	292,000	647,300	285,994.15	639,673.12
7.5% MeDirect Bank (Malta) plc Subordinated € 2019	-	45	-	1,520,000	-	1,524,992.70
7.5% MeDirect Bank (Malta) plc Subordinated € 2019	-	5	-	148,000	-	171,508.91
6% MeDirect Bank (Malta) plc Subordinated Unsecured € 2019-2024	-	13	-	294,000	-	295,547.50
5% MeDirect Bank (Malta) plc Subordinated Unsecured € 2022-2027	21	22	743,000	615,000	753,734.50	635,572.50
5% MeDirect Bank (Malta) plc Subordinated Unsecured € 2022-2027	-	-	-	-	-	-
4% MeDirect Bank (Malta) plc Subordinated Unsecured € 2024-2029	65	15	1,555,000	376,000	1,559,500.00	381,380.10
4% MeDirect Bank (Malta) plc Subordinated Unsecured € 2024-2029	5	-	100,000	-	111,112.49	-
4% MIDI plc Secured € 2026	195	226	1,154,800	1,524,100	1,167,996.30	1,595,676.21
5.3% Mariner Finance plc Unsecured € 2024	194	136	1,838,900	1,458,700	1,915,552.14	1,589,823.83
5.5% Mediterranean Investments Holding plc Unsecured € 2020	24	53	93,400	1,817,500	92,848.62	1,881,026.48
6% Mediterranean Investments Holding plc € 2021	29	42	227,100	290,400	225,928.96	294,919.55
5% Mediterranean Investments Holding plc Unsecured € 2022	120	181	658,600	876,800	651,712.93	885,645.34
5.5% Mediterranean Investments Holding plc Unsecured € 2023	27	-	217,700	-	218,143.07	-
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	202	92	1,244,000	619,000	1,231,396.90	635,634.20
4% Merkanti Holding plc Secured € 2026	267	132	1,770,700	966,700	1,786,054.34	981,100.15
6% Medserv plc Secured & Guaranteed € Notes 2020-2023 S1 T1	102	117	534,600	857,000	525,859.94	871,311.40
4.5% Medserv plc Unsecured € 2026	3	48	480,600	1,981,700	474,993.00	1,979,502.91
5.75% Medserv plc Unsecured US\$ 2026	23	8	120,000	258,400	99,305.66	230,572.67
4.85% Melite Finance plc Secured € 2028	7	17	204,900	911,500	182,244.00	961,284.00
3.75% Mercury Projects Finance plc Secured € 2027	200	244	1,164,000	1,683,700	1,168,174.80	1,709,465.85
4.25% Mercury Projects Finance plc Secured € 2031	151	272	2,083,300	890,112.31	890,112.31	2,147,396.93
3.75% Premier Capital plc Unsecured € 2026	278	292	2,763,000	2,519,900	2,829,487.69	2,612,289.01
5.5% Pendergards Developments plc Secured € 2020 Series I	8	62	174,100	874,700	173,674.30	903,843.76
6% Pendergards Developments plc Secured € 2022 Series II	82	108	5,632,100	1,230,100	5,903,815.10	1,353,692.30
4.15% Phoenicia Finance Company plc Unsecured € 2023-2028	215	223	1,605,600	2,652,300	1,591,948.17	2,761,931.53
3.9% Plaza Centres plc Unsecured € 2026	21	9	1,517,000	587,000	1,547,080.00	596,015.00
4.35% SD Finance plc Unsecured € 2027	417	382	3,343,700	4,026,100	3,348,247.59	4,165,087.05
3.5% Simonds Farsons Cisk plc Unsecured € 2027	72	69	276,100	367,700	293,762.67	392,954.53
4% Shoreline Mall plc Secured € 2026	34	-	275,200	-	275,429.60	-
4.5% Shoreline Mall plc Secured € 2032	64	-	657,900	-	661,081.31	-
4% SP Finance plc Secured € 2029	228	194	1,331,400	1,331,600	1,539,047.62	1,349,374.59
4% Stivala Group Finance plc Secured € 2027	343	275	3,534,000	2,621,200	3,600,545.10	2,728,428.73
3.65% Stivala Group Finance plc Secured € 2029	122	124	715,600	1,038,600	724,935.47	1,065,489.31
5.9% Together Gaming Solutions plc Unsecured Callable € 2024-2026	125	89	708,200	529,800	701,509.45	531,907.09
5% Tumas Investments plc Unsecured € 2024	105	180	529,100	1,297,900	541,588.18	1,363,126.12
3.75% Tumas Investments plc Unsecured € 2027	116	191	648,200	1,545,500	658,207.55	1,609,109.85
3.75% TUM Finance plc Secured € 2029	146	221	1,178,700	2,069,200	1,186,006.88	2,118,463.84
5.3% United Finance Plc Unsecured € 2023	31	19	495,500	218,800	494,546.20	228,997.58
4.4% Von der Heyden Group Finance plc Unsecured € 2024	270	227	2,849,000	2,377,000	2,850,064.60	2,421,527.40
3.75% Virtu Finance plc Unsecured € 2027	108	119	982,900	1,134,900	1,004,578.05	1,184,003.87
Total Corporate Bonds	10,875	9,745	101,692,500	93,256,700	102,706,072	96,049,700
Malta Government Stocks						
Total MGSs	4,608	8,413	126,920,384	241,823,265	162,922,737	302,347,808
Treasury Bills						
Total Treasury Bills	-	-	-	-	-	-

Institutional Financial Securities Market

Security	Number of Deals		Volume/No. of Shares		Market Turnover (EURO)	
	2020	2019	2020	2019	2020	2019
Total all IFSM Securities	-	-	-	-	-	-
Total all Securities	24,777	29,290	278,368,646	406,817,174	324,239,314	487,585,901

Prospects MTF - Comparative Trading Figures

Security	Number of Deals		Volume/No. of Shares		Market Turnover (EURO)	
	2020	2019	2020	2019	2020	2019
Equities						
Best Deal Properties Holding plc Ord €0.10	-	-	-	-	-	-
Corporate Bonds						
4.875% AgriHoldings plc Senior Secured € 2024	9	16	42,000	67,200	42,380.00	67,872.00
5.5% Anchovy Studios plc Unsecured € 2027	14	8	73,200	55,000	73,409.50	56,450.00
5.5% AST Group plc Unsecured € 2028	8	6	47,000	32,000	46,750.00	32,000.00
5% Borgo Lifestyle Finance plc Secured Callable € 2026-2029	40	16	200,000	110,400	196,408.62	111,704.10
5% Busy Bee Finance plc Unsecured € 2029	52	39	415,100	212,200	422,254.70	221,645.00
4.25% Calamatta Cuschieri Finance plc Unsecured Callable € 2024-2026	11	8	92,000	121,000	92,298.80	121,352.00
5.35% D Shopping Malls Finance plc Unsecured € 2028	43	60	257,000	385,500	253,174.87	387,182.00
5% FES Finance plc Secured € 2029	17	20	153,700	105,100	154,896.50	106,970.19
4.75% Gillieru Investments plc Secured € 2028	56	47	152,300	136,100	152,547.04	138,059.75
5% HH Finance plc Unsecured € 2023-2028	24	12	177,300	56,800	175,955.50	57,521.30
5% Horizon Finance plc Secured Callable € 2026-2029	19	2	86,600	12,000	86,550.00	12,210.00
5.5% IG Finance plc Unsecured € 2024-2027	20	11	95,000	58,000	94,950.00	58,780.00
5% JD Capital plc Unsecured € 2028	50	34	224,500	104,100	221,938.89	104,851.13
4.75% KA Finance plc Secured Callable € 2026-2029	18	22	100,400	367,500	100,170.00	377,873.10
5.25% Kliikk Finance plc Unsecured € 2027	14	20	67,400	82,600	67,400.00	82,605.00
5% Luxury Living Finance plc Secured € 2028	43	63	229,500	387,700	229,684.22	396,487.80
4.75% Orion Finance plc Unsecured € 2027	25	27	234,000	336,000	233,445.50	343,685.00
5.75% Pharmicare Finance plc Unsecured € 2025-2028	51	50	188,100	177,400	188,156.90	179,077.03
5% Smartcare Finance plc Secured € 2029	53	17	264,300	58,700	265,381.32	59,352.91
5.5% Testa Finance plc € 2029	36	43	145,700	240,300	145,320.21	245,517.00
5% The Convenience Shop Holding plc Unsecured Callable € 2026-2029	82	33	409,400	179,300	409,426.29	178,848.63
5.5% Yacht Lift Malta plc Secured Callable € 2021-2025	9	1	36,000	5,000	36,080.00	5,050.00
Total all Securities	694	555	3,690,500	3,289,900	3,688,579	3,345,094

MGS Movements 2020

Security Name	Date of Issue	Amount Issued	Coupon	Dates of Interest		Traded Value (EURO)	Deals	Last Closing Price
5.2% MGS 2020	27-Jun-07	52,407,462	5.200%	10-Jun	10-Dec	223,417.48	15	100.43
4.6% MGS 2020 (II)	18-Nov-09	158,327,200	4.600%	25-Apr	25-Oct	635,361.79	12	100.41
7% MGS 2020 (III)	30-Jun-10	430,700	7.000%	30-Jun	30-Dec	-	-	-
3.35% MGS 2020 (IV)	9-Dec-13	64,040,000	3.350%	31-Jan	31-Jul	-	-	-
2% MGS 2020 (V)	4-Apr-14	138,484,400	2.000%	26-Mar	26-Sep	507,030.90	3	100.10
FLTNG RT 6MTH EUR MGS 2020(VI)	29-Oct-14	47,850,000	0.400%	29-Apr	29-Oct	-	-	-
5% MGS 2021	25-May-04	458,844,653	5.000%	08-Feb	08-Aug	4,244,968.62	237	103.29
7% MGS 2021 (II)	18-Jun-11	466,000	7.000%	18-Jun	18-Dec	-	-	-
7% MGS 2021 (III)	30-Jun-11	2,858,800	7.000%	30-Jun	30-Dec	-	-	-
5.1% MGS 2022	16-Aug-04	71,047,725	5.100%	16-Feb	16-Aug	1,203,297.17	106	108.91
4.3% MGS 2022 (II)	6-Feb-12	240,169,400	4.300%	15-May	15-Nov	2,111,853.31	124	106.38
7% MGS 2022 (III)	1-Sep-12	1,318,800	7.000%	01-Mar	01-Sep	-	-	-
1.5% MGS 2022 (IV)	11-Jul-16	63,396,700	1.500%	11-Jan	11-Jul	-	-	-
5.5% MGS 2023	14-Jul-03	78,811,283	5.500%	06-Jan	06-Jul	954,746.16	63	115.00
7% MGS 2023 (II)	18-Nov-13	2,404,400	7.000%	18-May	18-Nov	3,218,501.20	2	133.55
1.4% MGS 2023 (III)	20-Feb-17	146,276,500	1.400%	11-May	11-Nov	-	-	-
0.5% MGS 2023 (IV)	13-Jul-20	130,700,000	0.500%	5-May	5-Nov	-	-	-
3.3% MGS 2024 (I)	3-Mar-14	24,051,100	3.300%	12-May	12-Nov	3,444,091.90	29	113.90
7% MGS 2024 (II)	18-Aug-14	1,135,000	7.000%	18-Feb	18-Aug	1,208,944.60	1	140.20
1.4% MGS 2024 (III)	11-Dec-18	201,000,000	1.400%	29-Jan	29-Jul	-	-	-
0.3% MGS 2024 (IV)	5-May-20	170,000,000	0.300%	11-Apr	11-Oct	-	-	-
7% MGS 2025 (I)	14-Aug-15	2,007,900	7.000%	14-Feb	14-Aug	3,005,826.30	2	149.70
0.5% MGS 2025 (II)	22-Jul-19	83,500,000	0.500%	8-May	8-Nov	-	-	-
0.5% MGS 2025 (III) FI November 2019	25-Nov-19	90,000,000	0.500%	8-May	8-Nov	-	-	-
0.5% MGS 2025 (II) FI September 2020	28-Sep-20	56,700,000	0.500%	8-May	8-Nov	-	-	-
0.75% MGS 2025 (III)	8-Apr-20	139,000,000	0.750%	17-Jan	17-Jul	-	-	-
7% MGS 2026 (I)	25-Jul-16	734,400	7.000%	25-Jan	25-Jul	1,144,195.20	2	155.80
0.4% MGS 2026 (II)	2-Mar-20	37,700,000	0.400%	20-Apr	20-Oct	-	-	-
0.4% MGS 2026 (III) FI May 2020	5-May-20	87,200,000	0.400%	20-Apr	20-Oct	-	-	-
0.4% MGS 2026 (II) FI November 2020	9-Nov-20	40,700,000	0.400%	20-Apr	20-Oct	-	-	-
1.5% MGS 2027 (I)	20-Feb-17	90,954,500	1.500%	15-Jun	15-Dec	68,787.75	9	109.25
7% MGS 2027 (II)	25-Jul-17	1,096,800	7.000%	25-Jan	25-Jul	-	-	-
0.8% MGS 2027 (III)	13-Jul-20	78,800,000	0.800%	29-Apr	29-Oct	-	-	-
0.8% MGS 2027 (III) FI September 2020	28-Sep-20	74,600,000	0.800%	29-Apr	29-Oct	-	-	-
0.8% MGS 2027 (III) FI November 2020	9-Nov-20	30,000,000	0.800%	29-Apr	29-Oct	-	-	-
4.8% MGS 2028 (I)	2-Nov-12	107,029,500	4.800%	11-Mar	11-Sep	4,573,187.83	132	137.48
4.5% MGS 2028 (II)	1-Mar-13	286,651,500	4.500%	25-Apr	25-Oct	8,260,409.46	301	134.50
7% MGS 2028 (III)	16-Jul-18	260,500	7.000%	13-Jan	13-Jul	-	-	-
5.1% MGS 2029 (I)	22-Jun-12	79,144,900	5.100%	01-Apr	01-Oct	2,115,650.98	85	142.50
2.3% MGS 2029 (II)	16-Jun-15	143,518,400	2.300%	24-Jan	24-Jul	7,119,370.87	185	125.00
1.85% MGS 2029 (III)	11-Dec-18	125,500,000	1.850%	30-May	30-Nov	2,293,000.00	2	114.65
1.85% MGS 2029 (III) FI April 20	8-Apr-20	161,000,000	1.850%	30-May	30-Nov	-	-	-
7% MGS 2029 (IV)	15-Oct-19	2,522,400	7.000%	14-Apr	14-Oct	-	-	-
5.25% MGS 2030	26-May-10	440,165,700	5.250%	23-Jun	23-Dec	7,160,755.73	307	153.00
5.2% MGS 2031 (I)	21-Nov-11	201,343,600	5.200%	16-Mar	16-Sep	4,640,238.36	188	151.32
1% MGS 2031 (II)	2-Mar-20	22,900,000	1.000%	23-Apr	23-Oct	5,686,739.75	10	110.25
1% MGS 2031 (III) FI May 2020	5-May-20	42,800,000	1.000%	23-Apr	23-Oct	1,021,593.00	5	109.00
1% MGS 2031 (III) FI July 2020	13-Jul-20	40,500,000	1.000%	23-Apr	23-Oct	-	-	-
1% MGS 2031 (III) FI September 2020	28-Sep-20	68,700,000	1.000%	23-Apr	23-Oct	-	-	-
4.65% MGS 2032 (I)	4-Nov-13	140,454,200	4.650%	22-Jan	22-Jul	4,958,628.73	229	147.50
4.45% MGS 2032 (II)	3-Mar-14	153,111,700	4.450%	03-Mar	03-Sep	5,360,647.46	171	146.30
4.3% MGS 2033 (I)	9-Jun-14	150,699,900	4.300%	01-Feb	01-Aug	5,070,466.14	184	146.27
4.1% MGS 2034 (I)	4-Apr-14	200,075,700	4.100%	18-Apr	18-Oct	4,689,242.85	143	147.00
2.2% MGS 2035 (I)	20-Feb-17	20,539,100	2.200%	24-May	24-Nov	996,867.66	88	127.90
2.5% MGS 2036 (I)	17-May-16	221,733,100	2.500%	17-May	17-Nov	9,833,198.62	412	129.00
2.1% MGS 2039 (I)	24-Oct-16	159,102,100	2.100%	24-Feb	24-Aug	19,827,346.03	596	131.00
3% MGS 2040 (I)	2-Mar-15	162,276,100	3.000%	11-Jun	11-Dec	12,837,925.42	528	142.00
2.4% MGS 2041 (I)	25-Jan-17	153,669,800	2.400%	25-Jan	25-Jul	9,967,520.81	382	140.00
1.5% MGS 2045 (I)	2-Mar-20	39,400,000	1.500%	22-Apr	22-Oct	17,547,175.00	41	118.00
1.5% MGS 2045 (I) FI November 2020	10-Nov-20	114,300,000	1.500%	22-Apr	22-Oct	6,991,750.00	14	118.50

Market Capitalisation as at 31 December 2020

Security	No of Shares	Close Price	Capitalisation in Euro
Equities			
Bank of Valletta p.l.c. Ord €1.00	583,849,270	0.950	554,656,806.50
BMIT Technologies p.l.c. Ord €0.10	203,595,310	0.482	98,132,939.42
FIMBank p.l.c. Ord US\$0.50	522,443,763	0.500	212,704,080.69
GO p.l.c. Ord €0.582343	101,310,488	3.540	358,639,127.52
Grand Harbour Marina p.l.c. Ord €0.12	20,000,000	0.700	14,000,000.00
Harvest Technology p.l.c. Ord €0.50	22,780,636	1.480	33,715,341.28
HSBC Bank Malta p.l.c. Ord €0.30	360,306,099	0.900	324,275,489.10
International Hotel Investments p.l.c. Ord €1.00	615,684,920	0.720	443,293,142.40
LifeStar Holding p.l.c. Ord €0.291172	30,000,000	0.500	15,000,000.00
Lombard Bank Malta p.l.c. Ord €0.25	44,177,914	2.360	104,259,877.04
Loqus Holdings p.l.c. Ord €0.232937	31,899,000	0.099	3,158,001.00
Main Street Complex p.l.c. Ord €0.10	19,384,619	0.500	9,692,309.50
Malita Investments p.l.c. Ord B €0.50	30,000,000	0.900	27,000,000.00
Malta International Airport p.l.c. Ord €0.25	81,179,990	6.200	503,315,938.00
Malta Properties Company p.l.c. Ord €0.32	101,310,488	0.500	50,655,244.00
MaltaPost p.l.c. Ord €0.25	37,654,720	1.330	50,080,777.60
Mapfre Middlesea p.l.c. Ord €0.21	92,000,000	2.460	226,320,000.00
Medserv p.l.c. Ord €0.10	53,744,405	0.790	42,458,079.95
MIDI p.l.c. Ord €0.20	214,159,922	0.448	95,943,645.06
PG p.l.c. Ord €0.25	108,000,000	2.000	216,000,000.00
Plaza Centres p.l.c. Ord €0.20	25,492,000	0.980	24,982,160.00
RS2 Software p.l.c. Ord €0.06	192,968,569	2.000	385,937,138.00
Santomas Shareholdings p.l.c. Ord €0.275	7,314,122	1.390	10,166,629.58
Simonds Farsons Cisk p.l.c. Ord €0.30	30,000,000	7.800	234,000,000.00
Tigne Mall p.l.c. Ord €0.50	56,400,000	0.850	47,940,000.00
Trident Estates p.l.c. Ord €1.00	42,000,003	1.660	69,720,004.98
Total:			4,156,046,731.82
Corporate Bonds			
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	101.490	36,536,400.00
5.1% 6PM Holdings plc Unsecured € 2025	13,000,000	101.200	13,156,000.00
3.25% APS Bank plc Unsecured Subordinated € 2025-2030	55,000,000	102.000	56,100,000.00
6% AX Investments plc € 2024	40,000,000	102.500	41,000,000.00
3.25% AX Group plc Unsecured € 2026 Series I	15,000,000	100.500	15,075,000.00
3.75% AX Group plc Unsecured € 2029 Series II	10,000,000	101.700	10,170,000.00
4.25% Best Deal Properties Holding plc Secured € 2024	15,344,700	103.000	15,805,041.00
3.5% Bank of Valletta plc € Notes 2030 S1 T1	66,920,500	101.000	67,589,705.00
3.5% Bank of Valletta plc € Notes 2030 S2 T1	44,670,400	100.000	44,670,400.00
3.75% Bank of Valletta plc Unsecured Subordinated € 2026-2031	50,000,000	102.000	51,000,000.00
3.75% Bortex Group Finance plc Unsecured € 2027	12,750,000	102.000	13,005,000.00
5.75% Central Business Centres plc Unsecured € 2021 S1 T1	3,000,000	100.500	3,015,000.00
5.25% Central Business Centres plc Unsecured € 2025 S2 T1	3,000,000	101.990	3,059,700.00
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000,000	102.000	6,120,000.00
4% Cablenet Communication Systems plc Unsecured € 2030	40,000,000	103.000	41,200,000.00
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	100.000	40,000,000.00
5% Dizz Finance plc Unsecured € 2026	8,000,000	99.500	7,960,000.00
4% Eden Finance plc Unsecured € 2027	40,000,000	101.000	40,400,000.00
4.5% Endo Finance plc Unsecured € 2029	13,500,000	99.500	13,432,500.00
4% Exalco Finance plc Secured € 2028	15,000,000	101.500	15,225,000.00
4.5% Grand Harbour Marina plc Unsecured € 2027	15,000,000	101.500	15,225,000.00
3.65% GAP Group plc Secured € 2022	30,856,600	102.000	31,473,732.00
4.25% GAP Group plc Secured € 2023	19,292,300	103.500	19,967,530.50
3.7% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	102.900	21,609,000.00
5% Hal Mann Vella Group plc Secured € 2024	30,000,000	105.500	31,650,000.00
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	100.000	40,000,000.00
3.8% Hili Finance Company plc Unsecured € 2029	80,000,000	99.000	79,200,000.00
4.5% Hili Properties plc Unsecured € 2025	37,000,000	100.010	37,003,700.00
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	102.500	12,300,000.00
4.5% Izola Bank plc Unsecured € 2025	12,000,000	100.000	12,000,000.00
5.8% International Hotel Investments plc € 2021	20,000,000	100.000	20,000,000.00
5.8% International Hotel Investments plc € 2023	10,000,000	100.600	10,060,000.00
6% International Hotel Investments plc € 2024	35,000,000	102.000	35,700,000.00
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	101.000	45,450,000.00
4% International Hotel Investments plc Secured € 2026	55,000,000	101.600	55,880,000.00
4% International Hotel Investments plc Unsecured € 2026	60,000,000	98.000	58,800,000.00
5% LifeStar Holding plc Unsecured € 2021	10,000,000	97.500	9,750,000.00
5% MedDirect Bank (Malta) plc Subordinated Unsecured € 2022-2027	18,651,000	100.000	18,651,000.00
5% MedDirect Bank (Malta) plc Subordinated Unsecured € 2022-2027	1,188,000	100.000	1,315,512.64
4% MedDirect Bank (Malta) plc Subordinated Unsecured € 2024-2029	32,202,000	100.000	32,202,000.00
4% MedDirect Bank (Malta) plc Subordinated Unsecured € 2024-2029	2,417,000	99.500	2,663,043.84
4% MIDI plc Secured € 2026	50,000,000	102.500	51,250,000.00
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	106.500	37,275,000.00
6% Mediterranean Investments Holding plc € 2021	11,950,000	99.000	11,830,500.00
5% Mediterranean Investments Holding plc Unsecured € 2022	40,000,000	99.500	39,800,000.00
5.5% Mediterranean Investments Holding plc Unsecured € 2023	20,000,000	100.000	20,000,000.00
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	15,000,000	100.000	15,000,000.00
4% Merkanti Holding plc Secured € 2026	25,000,000	100.010	25,002,500.00
6% Medserv plc Secured & Guaranteed € Notes 2020-2023 S1 T1	20,000,000	97.000	19,400,000.00
4.5% Medserv plc Unsecured € 2026	21,982,400	94.900	20,861,297.60
5.75% Medserv plc Unsecured US\$ 2026	9,148,100	94.990	7,075,792.03
4.85% Melite Finance plc Secured € 2028	9,250,000	80.000	7,400,000.00
3.75% Mercury Projects Finance plc Secured € 2027	11,500,000	101.000	11,615,000.00
4.25% Mercury Projects Finance plc Secured € 2031	11,000,000	102.490	11,273,900.00
3.75% Premier Capital plc Unsecured € 2026	65,000,000	100.500	65,325,000.00
6% Pendergardens Developments plc Secured € 2022 Series II	21,886,300	103.150	22,575,718.45
4.15% Phoenicia Finance Company plc Unsecured € 2023-2028	25,000,000	98.000	24,500,000.00
3.9% Plaza Centres plc Unsecured € 2026	7,820,000	103.500	8,093,700.00
4.35% SD Finance plc Unsecured € 2027	65,000,000	100.000	65,000,000.00
3.5% Simonds Farsons Cisk plc Unsecured € 2027	20,000,000	105.260	21,052,000.00
4% Shoreline Mall plc Secured € 2026	14,000,000	101.000	14,140,000.00
4.5% Shoreline Mall plc Secured € 2032	26,000,000	100.200	26,052,000.00
4% SP Finance plc Secured € 2029	12,000,000	100.990	12,118,800.00
4% Stivala Group Finance plc Secured € 2027	45,000,000	101.000	45,450,000.00
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	102.000	15,300,000.00
5.9% Together Gaming Solutions plc Unsecured Callable € 2024-2026	20,000,000	98.990	19,798,000.00
5% Tumas Investments plc Unsecured € 2024	25,000,000	102.500	25,625,000.00
3.75% Tumas Investments plc Unsecured € 2027	25,000,000	102.000	25,500,000.00
3.75% TUM Finance plc Secured € 2029	20,000,000	100.500	20,100,000.00
5.3% United Finance plc Unsecured € 2023	8,500,000	103.950	8,835,750.00
4.4% Von der Heyden Group Finance plc Unsecured € 2024	25,000,000	100.000	25,000,000.00
3.75% Virtu Finance plc Unsecured € 2027	25,000,000	103.000	25,750,000.00
Total:			1,873,420,223.06

Market Capitalisation as at 31 December 2020 (continued)

Security	No of Shares	Close Price	Capitalisation in Euro
Malta Government Stocks			
0.3% Malta Government Stock 2024 (IV)	170,000,000	100.980	171,666,000.00
0.4% Malta Government Stock 2026 (II)	124,900,000	103.726	129,553,774.00
0.4% Malta Government Stock 2026 (II) FI Nov 2020	40,700,000	102.510	41,721,570.00
0.5% Malta Government Stock 2023 (IV)	130,700,000	101.262	132,349,564.70
0.5% Malta Government Stock 2025 (II)	230,200,000	103.030	237,175,060.00
0.75% Malta Government Stock 2025 (III)	139,000,000	103.310	143,600,900.00
0.8% Malta Government Stock 2027 (III)	153,400,000	103.131	158,202,800.60
0.8% Malta Government Stock 2027 (III) FI Nov 2020	30,000,000	105.030	31,509,000.00
1% Malta Government Stock 2031 (II)	174,900,000	110.250	192,827,250.00
1.4% Malta Government Stock 2023 (III)	146,276,500	106.270	155,448,036.55
1.4% Malta Government Stock 2024 (III)	201,000,000	107.610	216,296,100.00
1.5% Malta Government Stock 2022 (IV)	63,396,700	104.960	66,541,176.32
1.5% Malta Government Stock 2027 (I)	90,954,500	109.250	99,367,791.25
1.5% Malta Government Stock 2045 (I)	39,400,000	118.000	46,492,000.00
1.5% Malta Government Stock 2045 (I) FI Nov 2020	114,300,000	118.500	135,445,500.00
1.85% Malta Government Stock 2029 (III)	286,500,000	114.650	328,472,250.00
2.1% Malta Government Stock 2039 (I)	159,102,100	131.000	208,423,751.00
2.2% Malta Government Stock 2035 (I)	20,539,100	127.900	26,269,508.90
2.3% Malta Government Stock 2029 (II)	143,518,400	125.000	179,398,000.00
2.4% Malta Government Stock 2041 (I)	153,669,800	140.000	215,137,720.00
2.5% Malta Government Stock 2036 (I)	221,733,100	129.000	286,035,699.00
3% Malta Government Stock 2040 (I)	162,276,100	142.000	230,432,062.00
3.3% Malta Government Stock 2024 (I)	24,051,100	113.900	27,394,202.90
4.1% Malta Government Stock 2034 (I)	200,075,700	147.000	294,111,279.00
4.3% Malta Government Stock 2022 (II)	240,169,400	106.380	255,492,207.72
4.3% Malta Government Stock 2033 (I)	150,699,900	146.270	220,428,743.73
4.45% Malta Government Stock 2032 (II)	153,111,700	146.300	224,002,471.10
4.5% Malta Government Stock 2028 (II)	286,651,500	134.500	385,546,267.50
4.65% Malta Government Stock 2032 (I)	140,454,200	147.500	207,169,945.00
4.8% Malta Government Stock 2028 (I)	107,029,500	137.480	147,144,156.60
5% Malta Government Stock 2021 (I)	458,844,653	103.290	473,940,642.08
5.1% Malta Government Stock 2022 (I)	71,047,725	108.910	77,378,077.30
5.1% Malta Government Stock 2029 (I)	79,144,900	142.500	112,781,482.50
5.2% Malta Government Stock 2031 (I)	201,343,600	151.320	304,673,135.52
5.25% Malta Government Stock 2030 (I)	440,165,700	153.000	673,453,521.00
5.5% Malta Government Stock 2023 (I)	78,811,283	115.000	90,632,975.45
7% Malta Government Stock 2021 (II)	466,000	100.000	466,000.00
7% Malta Government Stock 2021 (III)	2,858,800	100.000	2,858,800.00
7% Malta Government Stock 2022 (III)	1,318,800	100.000	1,318,800.00
7% Malta Government Stock 2023 (II)	2,404,400	133.550	3,211,076.20
7% Malta Government Stock 2024 (II)	1,135,000	140.200	1,591,270.00
7% Malta Government Stock 2025 (I)	2,007,900	149.700	3,005,826.30
7% Malta Government Stock 2026 (I)	734,400	155.800	1,144,195.20
7% Malta Government Stock 2027 (II)	1,096,800	100.000	1,096,800.00
7% Malta Government Stock 2028 (III)	260,500	100.000	260,500.00
7% Malta Government Stock 2029 (IV)	2,522,400	100.000	2,522,400.00
Total:			6,943,990,235.42
Treasury Bills			
91 Day Treasury Bill 08.10.20 - 07.01.21	13,000,000	100.123	13,015,925.00
91 Day Treasury Bill 22.10.20 - 21.01.21	5,000,000	100.123	5,006,165.00
91 Day Treasury Bill 29.10.20 - 28.01.21	7,000,000	100.124	7,008,666.00
91 Day Treasury Bill 05.11.20 - 04.02.21	12,000,000	100.125	12,014,940.00
91 Day Treasury Bill 12.11.20 - 11.02.21	17,000,000	100.121	17,020,570.00
91 Day Treasury Bill 19.11.20 - 18.02.21	20,000,000	100.122	20,024,400.00
91 Day Treasury Bill 03.12.20 - 04.03.21	30,000,000	100.124	30,037,050.00
91 Day Treasury Bill 10.12.20 - 11.03.21	22,000,000	100.125	22,027,456.00
91 Day Treasury Bill 17.12.20 - 18.03.21	25,000,000	100.126	25,031,375.00
91 Day Treasury Bill 24.12.20 - 25.03.21	41,000,000	100.124	41,050,635.00
91 Day Treasury Bill 31.12.20 - 01.04.21	19,000,000	100.126	19,023,845.00
182 Day Treasury Bill 09.07.20 - 07.01.21	2,000,000	100.223	2,004,458.00
182 Day Treasury Bill 16.07.20 - 14.01.21	15,000,000	100.228	15,034,200.00
182 Day Treasury Bill 23.07.20 - 21.01.21	2,000,000	100.231	2,004,612.00
182 Day Treasury Bill 30.07.20 - 28.01.21	5,000,000	100.233	5,011,630.00
182 Day Treasury Bill 20.08.20 - 18.02.21	10,000,000	100.243	10,024,270.00
182 Day Treasury Bill 03.09.20 - 04.03.21	11,000,000	100.240	11,026,367.00
182 Day Treasury Bill 17.09.20 - 18.03.21	20,000,000	100.228	20,045,600.00
182 Day Treasury Bill 24.09.20 - 25.03.21	8,000,000	100.235	8,018,808.00
182 Day Treasury Bill 01.10.20 - 01.04.21	15,000,000	100.239	15,035,880.00
182 Day Treasury Bill 15.10.20 - 15.04.21	10,000,000	100.241	10,024,120.00
182 Day Treasury Bill 03.12.20 - 03.06.21	11,000,000	100.248	11,027,258.00
182 Day Treasury Bill 17.12.20 - 17.06.21	10,000,000	100.250	10,025,040.00
182 Day Treasury Bill 24.12.20 - 24.06.21	53,000,000	100.238	53,125,981.00
273 Day Treasury Bill 28.05.20 - 25.02.21	20,000,000	100.163	20,032,660.00
273 Day Treasury Bill 16.07.20 - 15.04.21	2,000,000	100.346	2,006,924.00
273 Day Treasury Bill 13.08.20 - 13.05.21	10,000,000	100.351	10,035,080.00
273 Day Treasury Bill 27.08.20 - 27.05.21	6,000,000	100.359	6,021,552.00
273 Day Treasury Bill 10.09.20 - 10.06.21	11,000,000	100.359	11,039,512.00
273 Day Treasury Bill 26.11.20 - 26.08.21	10,000,000	100.370	10,036,990.00
273 Day Treasury Bill 10.12.20 - 09.09.21	3,000,000	100.375	3,011,259.00
273 Day Treasury Bill 31.12.20 - 30.09.21	6,000,000	100.377	6,022,608.00
364 Day Treasury Bill 09.04.20 - 08.04.21	48,000,000	100.171	48,082,176.00
364 Day Treasury Bill 23.04.20 - 22.04.21	40,000,000	100.137	40,054,680.00
364 Day Treasury Bill 07.05.20 - 06.05.21	40,000,000	100.114	40,045,760.00
364 Day Treasury Bill 21.05.20 - 20.05.21	40,000,000	100.153	40,061,160.00
364 Day Treasury Bill 25.06.20 - 24.06.21	5,000,000	100.369	5,018,470.00
364 Day Treasury Bill 02.07.20 - 01.07.21	20,000,000	100.396	20,079,180.00
Total:			645,217,262.00

Market Capitalisation as at 31 December 2020 (continued)

Security	No of Shares	Close Price	Capitalisation in Euro
IFSM			
3% D Foods Finance plc Secured € Convertible Notes 2026-2030 Tranche 2020/1	3,000,000	100.000	3,000,000.00
4.5% G2G plc Asset (Gold) Backed Notes Tranche 2019/1	3,000,000	100.000	3,000,000.00
HELIX SCC plc - Finsion Life One 2022 US\$	6,750,000	100.000	5,496,295.09
5% Hom Re Limited Unsecured US\$ Bonds 2030	50,200,000	100.000	40,876,150.15
6% Investar plc EUR Exchangeable Notes 2021	5,500,000	100.000	5,500,000.00
PCAM Issuance III S.A. - BER USD 001 - Profit Contingent Secured Bonds	136,800,000	100.000	111,391,580.49
Quasar System SA AC Convertible Callable Zero Coupon Bonds 2017-2021	71,500,000	100.000	71,500,000.00
Total:			240,764,025.73
Prospects MTF			
Equities			
Best Deal Properties Holding plc Ord €0.10	3,125,000	1.600	5,000,000.00
Total:			5,000,000.00
Corporate Bonds			
4.875% AgriHoldings plc Senior Secured € 2024	1,784,000	101.000	1,801,840.00
5.5% Anchovy Studios plc Unsecured € 2027	1,000,000	102.800	1,028,000.00
5.5% AST Group plc Unsecured € 2028	1,835,000	100.000	1,835,000.00
5% Borgo Lifestyle Finance plc Secured Callable € 2026-2029	5,000,000	95.000	4,750,000.00
5% Busy Bee Finance plc Unsecured € 2029	5,000,000	102.000	5,100,000.00
4.25% Calamatta Cuschieri Finance plc Unsecured Callable € 2024-2026	4,000,000	100.000	4,000,000.00
5.35% D Shopping Malls Finance plc Unsecured € 2028	7,500,000	97.360	7,302,000.00
5% FES Finance plc Secured € 2029	5,000,000	99.900	4,995,000.00
4.75% Gillieru Investments plc Secured € 2028	5,000,000	100.250	5,012,500.00
5% HH Finance plc Unsecured € 2023-2028	5,000,000	99.000	4,950,000.00
5% Horizon Finance plc Secured Callable € 2026-2029	2,000,000	100.000	2,000,000.00
5.5% IG Finance plc Unsecured € 2024-2027	3,700,000	100.000	3,700,000.00
5% JD Capital plc Unsecured € 2028	5,000,000	99.000	4,950,000.00
4.75% KA Finance plc Secured Callable € 2026-2029	6,000,000	99.000	5,940,000.00
5.25% Klikk Finance plc Unsecured € 2027	2,000,000	100.000	2,000,000.00
5% Luxury Living Finance plc Secured € 2028	8,000,000	99.800	7,984,000.00
4.75% Orion Finance plc Unsecured € 2027	4,900,000	99.000	4,851,000.00
5.75% Pharmicare Finance plc Unsecured € 2025-2028	5,000,000	100.000	5,000,000.00
5% Smartcare Finance plc Secured € 2029	5,000,000	100.500	5,025,000.00
5.5% Testa Finance plc € 2029	3,900,000	98.900	3,857,100.00
5% The Convenience Shop Holding plc Unsecured Callable € 2026-2029	5,000,000	100.010	5,000,500.00
5% Yacht Lift Malta plc Secured Callable € 2021-2025	2,000,000	100.000	2,000,000.00
Total:			93,081,940.00

Collective Investment Funds Investing in MSE Listed Securities

Fund	Net Asset Value in EURO 31 Dec 20	Net Asset Value in EURO 31 Dec 19
Vilhena Funds SICAV plc - Malta Fund	42,398,734	44,292,334
Vilhena Funds SICAV plc - Malta Government Bond Fund	339,227,003	332,371,846
Vilhena Funds SICAV plc - Maltese Opportunities Fund	26,304,825	29,861,126
Vilhena Funds SICAV plc - Maltese Equity Focus Fund	15,670,051	18,881,611
Vilhena Funds SICAV plc - Malta Bond Fund	167,447,824	167,070,374
Amalgamated Funds SICAV plc - Growth and Income Fund	57,710,438*	76,480,234*
APS Funds SICAV plc - APS Income Fund	88,296,353	89,480,375
HSBC Malta Funds SICAV plc - Malta Bond Fund	152,056,229	149,148,359
HSBC Malta Funds SICAV plc - Malta Government Bond Fund	110,230,704	116,930,952
HSBC Malta Funds SICAV plc - Maltese Assets Fund	46,218,812	47,897,609
Calamatta Cuschieri Funds SICAV plc - Malta Government Bond Fund	32,293,317	19,012,307
Calamatta Cuschieri Funds SICAV plc - Malta Income Fund Class A EUR Accumulation Investor Shares	5,792,216	4,097,784
Calamatta Cuschieri Funds SICAV plc - Malta Income Fund Class B EUR Distribution Investor Shares	10,506,796	9,771,210
Kylin Prime SICAV plc - Malta Government Securities Fund Class A EUR MGS Shares	1,088,901	432,159

*Valuation Date only available as at 31 October each year.

Securities Listed on the Regulated Main Market

as at 31 December 2020

Equities	26 Ordinary Shares
Corporate Bonds	72 Bonds
Government Stocks	46 Stocks
Treasury Bills	38 Treasury Bills
Collective Investment Schemes	48 Funds - Primary Listed
	7 Funds - Secondary Listed
Total:	237

IFSM Listed Securities

as at 31 December 2020

Equities	-
Corporate Bonds	7
Total:	7

Securities Admitted on the Prospects MTF Market

as at 31 December 2020

Equities	1
Corporate Bonds	22
Total:	23

Admissions During 2020

Equities

22,780,636 Harvest Technology plc Ordinary Shares €0.50

Corporate Bonds

14,000,000	4% Shoreline Mall plc Secured € 2026
26,000,000	4.5% Shoreline Mall plc Secured € 2032
20,000,000	5.5% Mediterranean Investments Holding plc Unsecured € 2023
40,000,000	4% Cablenet Communication Systems plc Unsecured € 2030
55,000,000	3.25% APS Bank plc Unsecured Subordinated € 2025-2030
21,000,000	3.7% GAP Group plc Secured € 2023-2025 Series 1

Malta Government Stocks

170,000,000	0.3% Malta Government Stock 2024 (IV)
37,700,000	0.4% Malta Government Stock 2026 (II)
87,200,000	0.4% Malta Government Stock 2026 (II) FI May 2020
40,700,000	0.4% Malta Government Stock 2026 (II) FI November 2020
130,700,000	0.5% Malta Government Stock 2023 (IV)
56,700,000	0.5% Malta Government Stock 2025 (II) FI September 2020
139,000,000	0.75% Malta Government Stock 2025 (III)
78,800,000	0.8% Malta Government Stock 2027 (III)
74,600,000	0.8% Malta Government Stock 2027 (III) FI September 2020
30,000,000	0.8% Malta Government Stock 2027 (III) FI November 2020
22,900,000	1% Malta Government Stock 2031 (II)
42,800,000	1% Malta Government Stock 2031 (II) FI May 2020
40,500,000	1% Malta Government Stock 2031 (II) FI July 2020
68,700,000	1% Malta Government Stock 2031 (II) FI September 2020
39,400,000	1.5% Malta Government Stock 2045 (I)
114,300,000	1.5% Malta Government Stock 2045 (I) FI November 2020
161,000,000	1.85% Malta Government Stock 2029 (III) FI April 2020

Treasury Bills

1,992,000,000 100 issues of Treasury Bills

Collective Investment Schemes

2 sub-funds The CEE Alternative Equity Investments Fund SICAV plc

Institutional Financial Securities Market

50,200,000	5% Hom Re Limited Unsecured US\$ Bonds 2030
3,000,000	3% D Foods Finance plc Secured Convertible € Notes 2026-2030 Tranche 2020/1



Information Technology

2020 presented new challenges for the organisation due to the Covid-19 pandemic. In view of the possibility that the Covid-19 situation could deteriorate, the Exchange planned and tested the scenario within the Business Continuity Plan whereby all operational staff performed their duties remotely during the first two weeks of March. This test enabled the Exchange to verify that, should the need arise, it would be able to continue operating normally. The test was completed successfully and, thus, it was ascertained that the business processes could be executed in a timely manner, without undermining quality and internal controls. It was also established that all communication between staff, market participants, investors and external stakeholders was completed successfully.

Following the successful completion of this test scenario, the Exchange took the decision to allow all employees, whose work could be carried out remotely, to perform their duties from their homes. This was done in line with the recommendations and guidelines issued by the Superintendence of Public Health and the Ministry for Finance's Health and Safety Office, which aimed at keeping the workplace safe while reducing the spread of the Covid-19 virus. The Exchange's IT infrastructure and communication systems made it possible for this remote working policy to continue throughout the year.

Despite the remote working environment, projects aimed at upgrading and maintaining the IT infrastructure were nonetheless implemented in 2020. Improvements to the Members' and Participants' Restricted Portal were carried out. These involved the redesign of the user interface and the implementation of updates that ensure security features in line with industry standards.

Another project undertaken related to the Officially Appointed Mechanism (OAM), which is hosted by the Exchange on its website. Development and testing on this project commenced in the latter part of the year and is being carried out in co-ordination with the MFSA. Once completed, these changes will address the future requirements of the European Single Electronic Format (ESEF) for the filing of annual financial reports by listed companies.

The Exchange continued to ensure that its cybersecurity detection and prevention capabilities remain relevant in the evolving environment of cyber threats. In this respect, an exercise was performed with the help of external service providers to detect and identify areas for improvement against these threats. Recommendations from this exercise were implemented to strengthen and improve its infrastructure.

National Numbering Agency

A total of 352 International Securities Identification Numbers (ISINs) were issued in 2020. Of these, 137 ISINs were issued for financial instruments listed on the MSE and another 215 were issued for unlisted financial instruments.

Reporting in Line with the European Markets Infrastructure Regulation

At the end of 2020, 17 counterparties and 88 delegating counterparties were using the Exchange's European Markets Infrastructure Regulation (EMIR) reporting service. In total, 2,335 trades were reported through the MSE's reporting facility during the year.

Malta Stock Exchange Institute

The Malta Stock Exchange Institute (MSEI) ran its third year of operation through the organisation of 80 courses. As from 12 March, the Institute was constrained to suspend classroom lectures due to the Covid-19 pandemic until it switched to a completely online environment on 1 April. The brief suspension of operations by the MSEI meant that a few courses had to be either cancelled or postponed. While the switch to a virtual classroom environment was met favourably by most lecturers and even more so by the attendees, nevertheless the absence of a classroom and personal environment meant that a few lecturers found the online environment less comfortable, leading to some courses being cancelled. This resulted in a somewhat lower attendance (1,121) when compared to the previous year (1,349). The pandemic also led to the inability to organise the Annual Investor Education Conference.

Nevertheless, despite the challenging circumstances, the Institute ran 59 unique courses, many of which had already been offered during the previous year. Some new courses were also introduced to ensure that the suite of courses offered remained relevant and of interest to the attendees. Furthermore, while attendance to courses remained steady, it was noted that online courses attracted attendees from financial services practitioners located outside Malta. In fact, as the online access was promoted through email, social media and the MSE's website, attendance included individuals from a number of EU countries, including Italy, Belgium, Ireland, Norway and the Netherlands, as well as

non-EU attendees from the UAE (Dubai), Turkey, Lebanon, and as far away as Singapore. Feedback received from attendees about the MSEI, the lectures and lecturers, and the likelihood to attend further courses remained positive, with a strong preference for online courses versus the classroom environment.

The Institute continued to lead and coordinate the *Transition* project that is funded under the Erasmus Plus Framework, in partnership with another four European entities, FVB S.R.L. (Italy), Cooperation Bancaire Pour L'Europe (Belgium), Fondazione Luigi Clerici (Italy) and Lidi Smart Solutions (Netherlands). The project entails the creation and innovation of teaching material to address the level of participation of entrepreneurs in the digital evolution of processes through the adoption of Digital Ledger Technologies.

In 2020, the Institute received approval for a second project, named *I Don't Know*, through which it will again take on the role of co-ordinator and partner. This new project will lead to the creation of online training programmes aimed at increasing the level of financial literacy among youths aged 16 to 20. The partners in this project are KIST Consult (Austria), International Business College (Denmark), Ålands yrkesgymnasium (Finland), Obrtna tehnicka skola (Croatia) and Poljoprivredno sumarska skola Vinkovci (Croatia).



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STATEMENT OF COMPLIANCE

WITH THE CODE OF PRINCIPLES
OF GOOD CORPORATE
GOVERNANCE



STATEMENT OF COMPLIANCE

WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

For the Year Ended 31 December 2020

The Malta Stock Exchange (the “Exchange”) supports the Code of Principles of Good Corporate Governance (the “Code” or the “Principles”), published as Appendix 5.1 to Chapter 5 of the Listing Rules of the Malta Financial Services Authority. The Exchange is committed to observing the principles of transparent, responsible corporate governance and the Board of Directors has voluntarily adopted this Code.

Part 1: Compliance with the Principles

The Board of Directors (the “Board”) considers compliance with the Code to constitute an important means to maintain the confidence of present and future shareholders, creditors, employees, market participants and the public. The Board has taken the necessary measures for the Exchange to comply with the main principles of the Code to the extent that these were considered appropriate and complementary to the size, nature and operations of the Exchange.

Pursuant to a Board decision, the Exchange is hereby presenting a statement of compliance for the year ended 31 December 2020, which details the extent to which the Code has been adopted, as well as the effective measures taken by the Exchange to ensure compliance with the Code.

Principle 1: Roles and Responsibilities of the Board

The Exchange is headed by an effective Board and the composition of the Board during the period ensured that the Exchange was led and controlled by individuals who have the necessary skills and diversity of experience. Besides having a broad range of knowledge of the Exchange, the Board is also conversant with the applicable statutory and regulatory requirements.

The Board exercises prudent and effective controls, which enables risks to be assessed. The Board is responsible for accountability, monitoring, strategy formulation and policy development and supplements the management team in delivering sustainable added value for its shareholder. The Board considers strategic issues, devises key projects and regularly monitors performance against delivery of key targets.

Principle 2: Roles and Responsibilities of the Chairman and the Chief Officer

The Exchange clearly distinguishes between the roles and responsibilities of the Executive Chairman and the Chief

Officer, thus ensuring that no one individual or small group of individuals have unfettered powers of decision. The roles of the Executive Chairman and the Chief Officer were held separately during the period to ensure that there was a clear distinction between the running of the Board and the running of the business of the Exchange. The Executive Chairman is engaged on a part-time basis and, in addition to the responsibilities stipulated in the Code, also oversees all Exchange affairs with a particular emphasis on Board matters, managing public relations, marketing and business development initiatives. This is not considered to be of concern to the Exchange since the Chairman undertakes to maintain in all circumstances his independence of analysis, decision and action. The Chairman is responsible for managing the Board’s agenda, ensures that the Directors of the Board receive timely information, ensures effective communication with shareholders and encourages active engagement by all members of the Board during meetings.

Principle 3: Board Composition and Appointment of Directors

The Board is composed of an Executive Chairman and four independent non-executive Board members, thus is not so large as to be unwieldy while being of sufficient size that the balance of skills and experience is appropriate for the requirements of the business. In addition, any changes to the Board’s composition can be managed without undue disruption.

The Board considers that all non-executive Directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The members of the Board have the balance of knowledge and experience, as well as a strong non-executive presence to allow continued scrutiny of performance, strategy and governance.

The Board believes that the independence of its Directors is not compromised because of long service or the provision of any other service to the Exchange. Each Director is mindful of maintaining independence, professionalism and integrity in carrying out his/her duties, responsibilities, while providing judgment as a Director of the Exchange.

The Board considers that none of the independent Directors of the Exchange:

- is or has been employed in any capacity by the Exchange;
- has or has had, over the past three years, a significant business relationship with the Exchange;
- has received or receives significant additional remuneration from the Exchange in addition to his/her director’s fee;

- has close family ties with any of the Exchange's executive directors or senior employees; and
- has been within the last three years an engagement partner or a member of the audit team or past external auditor of the Exchange.

In terms of Code Principle 3.4, every Non-Executive Director has declared in writing to the Board that he/she undertakes:

- to maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- to clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm the Exchange.

Principle 4 and 5: Duties and Proceedings of Directors

The Board has the first level responsibility of executing the four basic roles of corporate governance namely: accountability, monitoring, strategy formulation and policy development. The Board has responsibility for overseeing the strategic planning process and reviewing and monitoring management's execution of policy and strategy. The Board assesses and monitors on a continuous basis the Exchange's present and future operations, opportunities, threats and risks in the external environment, and current and future strengths and weaknesses. On a monthly basis, the Board monitors performance and reports to its satisfaction.

The Board ensures that its level of power is known by all Directors and senior management of the Exchange; however, the Board delegates certain powers, authorities and discretions to the Audit Committee.

The Board meets 12 times a year unless further meetings are required in accordance with the needs of the Exchange. Board members are given ample opportunity during meetings to discuss issues set on the Board Agenda and to convey their opinions. Minutes are taken during Board meetings that record faithfully attendance and decisions. These minutes are subsequently circulated to all the Directors as soon as practicable after the meeting.

Each Director is expected to attend all meetings of the Board and Board committees of which the Director is a member. The Board recognises that occasional meetings may need to be scheduled at short notice when the participation of a Director is not possible and that conflicts may arise in time schedules that will prevent a Director from attending or participating in a regularly scheduled meeting.

Principle 6: Information and Professional Development

All Directors are supplied with precise, timely and clear information so that they can effectively contribute to Board

decisions. The Exchange is committed to provide adequate and detailed induction training to directors who are newly appointed to the Board. Directors are encouraged to engage directly with any member of management regarding any questions or concerns the Directors may have.

The Exchange firmly believes in the professional development of all the members in the organisation and training opportunities are provided for the Exchange's employees and the Directors to keep abreast with current technological, regulatory and operational trends and practices. All tools are made available to the Board and the Chief Officer to monitor management and staff morale, and ensure an adequate succession plan is in place, including the provision of options for recruitment and appointment of senior management.

All directors have access to independent professional advice at the expense of the Exchange, where necessary, and they have access to the advice and services of the Company Secretary at all times.

Principle 8: Board Committees

The Board has established the following Committees:

- Audit Committee;
- Risk Management Committee; and
- Remuneration Committee.

Audit Committee

The Board delegates certain powers, authorities and discretions to the Audit Committee. The Audit Committee's primary role is to protect the interests of the Exchange's Shareholder and support the Board in terms of quality control of the Exchange's financial reporting process, internal controls and in managing the Board's relationship with the External Auditors.

This Committee approves the internal audit work plan, which will include assessment of controls relating to financial reporting and other risks, as appropriate. The Internal Audit Working Committee and the outsourced Internal Auditor have direct access to the Audit Committee Chairman.

The terms of reference of the Audit Committee include, among other matters:

- to assist the Board in fulfilling its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- to assess the scope and effectiveness of systems established by Management, to identify, assess, manage and monitor financial and non-financial risks;
- to establish and review accounting systems and internal control procedures as well as any matters raised by the external auditor and the internal auditors, and monitor these on a regular basis;
- to review and assess the methodology and robustness of the Exchange's annual budget as presented by management and

- make recommendations to the Board;
- to determine whether the financial statements have been prepared following appropriate accounting standards;
- to make recommendations to the Board regarding the approval of the Budget and the Financial Statements;
- to maintain communications on such matters between the Board, Management, External Auditors and Internal Audit; to receive updates and note management's responsiveness to the internal auditors' findings and recommendations in relation to financial operations, procedures, reporting, requirements and related matters;
- to consider and make recommendations to the Board on the appointment, re-appointment and/or removal of External Auditors;
- to approve and make recommendations to the Board with regard to the qualifications, expertise, resources, effectiveness and independence of the External Auditors and to recommend relevant terms of engagement and remuneration of the External Auditors;
- to discuss with the External Auditors the findings of the auditors and to review the management letter and responses of management prior to submission to the Board.

The members of the Audit Committee, as at 31 December 2020, are:

Mr Steven Tedesco (Chairman);
Prof. Tanya Sammut-Bonnici;
Mr Joseph Portelli; and
Ms Charmaine Baldacchino.

Mr Tedesco and Prof. Sammut-Bonnici are independent, non-executive directors. Mr Tedesco has been appointed by the Board of Directors to act as Chair to the Audit Committee. Ms Baldacchino is the Exchange's Chief Financial Officer and is competent in accounting and auditing. All members of the Audit Committee have extensive experience in the financial services sector.

The Audit Committee met nine times in 2020. The External Auditors were invited to and attended one of these meetings to discuss the 2019 Annual Report. The Chair of the Internal Audit Working Committee attended the meetings of the Audit Committee in 2020 and the Internal Auditor attended four Audit Committee meetings in 2020.

Risk Management Committee

The role of the Risk Management Committee is to assist and support the Board in determining the organisation's strategic direction and the creation of the appropriate environment and structures for risk management to operate effectively.

The terms of reference of the Risk Management Committee include, among other matters:

- to have responsibility for the design, implementation and maintenance of effective risk management in order to minimise the probable occurrence of risk and the impact on its business;

- to identify the nature and extent of risk acceptable to the Exchange in respect of its activities and the probability of such risks becoming a reality;
- to monitor the effectiveness of the risk management process and to review and assess the Exchange's Risk Management Policy on a regular basis and to have oversight of risk management related matters in order to ensure compliance with the strategy laid down by the Board giving due regard all the Exchange's procedures including Business Contingency Arrangements;
- to assist and support the strategy set out by the Board to ensure best practice to mitigate risk in order to reduce the risk of impairment to the Exchange's integrity and reputation.

The members of the Risk Management Committee, as at 31 December 2020, are:

Prof. Joseph Falzon (Chairman);
Dr Abdalla Kablan;
Mr Joseph Portelli;
Mr Simon Zammit;
Mr Alfred Sammut;
Ms Charmaine Baldacchino; and
Ms Marie Cordina.

The Risk Management Committee met four times in 2020.

Remuneration Committee

The role of the Remuneration Committee is to devise the appropriate packages needed to attract, retain and motivate senior management with the right qualities and skills for the proper management of the Exchange. The Remuneration Committee is responsible to discuss and recommend to the Board any variable elements of senior management's remuneration.

The members of the Remuneration Committee, as at 31 December 2020, are:

Mr Steven Tedesco (Chairman);
Prof. Tanya Sammut-Bonnici; and
Mr Joseph Portelli.

The Remuneration Committee, which was formed by resolution of the Board in July 2019, met once in 2020.

Principle 9 and 10: Relations with Shareholder and with the Market

The Board ensures that the Exchange communicates with the market effectively and is committed to having an open and communicative relationship with its Shareholder, market participants and investors.

The Board is, as far as possible, prepared to enter into a satisfactory dialogue with market intermediaries based on the mutual understanding of objectives.

Principle 11: Conflict of Interest

The Directors' primary responsibility is always to act in the interest of the Exchange and its Shareholder irrespective of who appointed them to the Board and, thus, follow procedures to manage conflicts of interest. In accordance with the provisions of the Articles of Association of the Exchange, a Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Exchange, shall declare the nature of his/her interest at a meeting of the Directors and shall not vote at a meeting of Directors in respect of any transaction, contract or arrangement in which he/she has a personal material interest.

Principle 12: Corporate Social Responsibility

The Exchange remains committed to being a responsible company and making a positive contribution to society and the environment, and to create long-term value for society, the economy and its business. The Exchange is committed to playing a leading and effective role in Malta's sustainable development of the capital markets and continues to support several different initiatives aimed at supporting the local community.

Part 2: Non-Compliance with the Principles

Principle 4: Succession Policy for Directors

Whereas Code provision 4.2.7 requires Directors to develop a succession policy for the future composition of the Board, and particularly the executive component thereof, this is not considered to be applicable since the Board is composed solely of non-executive members, except for the Chairman.

Whereas Code provision 4.5 requires Directors to benchmark business risk and key performance indicators against industry norms, this is not considered to be applicable given that the Exchange is the only regulated market in Malta and comparing its activity to foreign exchanges may be misleading due to size and differences in the business models.

Principle 7: Evaluation of the Board's Performance

The Board reports directly to the sole Shareholder of the Exchange, being the Government of Malta. Should the Board not perform as expected, the Shareholder would change its composition. No material changes in the governance structures and organisation resulted during 2020.

Principle 8: Audit Committee

The Audit Committee is composed of two non-executive directors, one executive director and one member of senior management. While the Committee is not composed entirely

of non-executive directors, this is not considered to be of any concern as there is no undue influence by the executive members on recommendations made by the non-executive members of the same Committee. Moreover, the Audit Committee is set up in terms of the Exchange's bye-laws, which bye-laws are approved by the Competent Authority.

Principle 8: Nomination and Remuneration Committee

The policy for remuneration of Directors does not fall within the remit of the Board. The Exchange constituted a Remuneration Committee; however, it does not discuss and decide on the remuneration of the Directors and therefore its composition, which includes the executive Chairman, will not impinge on its duties.

The Nominations Committee for the appointment of new Directors to the Board is not considered applicable to the Exchange, given that the Shareholder has all the rights to appoint the members of the Board.

Principle 9: Relations with Shareholders and with the Market

Procedures in favour of minority shareholders, as required by the Code are not applicable since the Exchange's sole Shareholder is the Government of Malta.

Internal Control

The Board is ultimately responsible for the identification and evaluation of key risks applicable to the different areas of the Exchange's operations, and to ensure that proper systems of internal control are in place. The Board has delegated Management with the task of creating an effective control environment to the highest possible standards.

The Internal Audit function is outsourced to an independent auditor who: (a) reviews and carries out testing of compliance with policies, standards and procedures; and (b) tests the effectiveness of the internal control environment within the Exchange. The Internal Auditor reports findings to the Audit Committee.

Additionally, the Internal Audit Working Committee meets periodically to discuss specific procedures and performs tests of control on selected areas. The Internal Audit Working Committee is made up of the Chief HR and Facilities Officer, the Assistant General Manager Board and Executive Secretariat, Assistant General Manager IT, Manager Compliance and Manager CSD. The Internal Audit Working Committee reports findings to the Audit Committee.

Annual General Meeting

The Annual General Meeting (AGM) is called with a 14-day notice and is conducted in accordance with the Companies Act and the Exchange's Memorandum and Articles of Association. At an AGM, what is termed as "ordinary business" is transacted, namely declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and the auditors, the election of the Directors in the place of those retiring and the appointment of and the fixing of the remuneration of the Directors and the auditors. Other business that may be transacted at a general meeting (including at the Annual General Meeting) will be dealt with as "Special Business".

No business shall be transacted at any general meeting unless a quorum of members is present in person or by proxy at the time when the meeting proceeds to business. When a member or members present in person or by proxy holding at least fifty-one per cent (51%) of the voting rights of the ordinary shares in the Company there shall be a quorum. The Chairman of the Board of Directors shall preside as chairman at every general meeting of the Exchange, unless as prescribed within the Articles of Association, the Directors present shall elect one of their number to be chairman of the meeting. At any general meeting a resolution put to the vote at the meeting shall be determined and decided upon by a show of hands.



The background of the page is a solid green color. Overlaid on this are several large, overlapping circular and semi-circular shapes in various shades of green and grey. These shapes create a layered, organic effect. The text 'DIRECTORS' REPORT' is centered in the upper half of the page, in a white, bold, sans-serif font.

DIRECTORS' REPORT



DIRECTORS' REPORT

For the Year Ended 31 December 2020

The directors have prepared this directors' report in accordance with article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta), including the further provisions as set out in the Sixth Schedule, together with the financial statements of Malta Stock Exchange plc (the "Company" or the "Exchange"), for the year ended 31 December 2020.

Principal Activity, Risks and Uncertainties

The Company was set up with the principal objective to maintain facilities to ensure an orderly and efficient marketplace for securities' trading. The Company also provides clearing, settlement, depository and other security-related services.

The Company is subject to a number of risks and uncertainties, many of which are out of its control. A severe slowdown in economic conditions locally may have a negative effect on share and bond prices, putting pressure on market capitalisations and adversely affecting the Company's revenues.

Likewise, should a local company experience a credit default, investor appetite for corporate bonds will diminish. Also, given that the Maltese Treasury is the Company's largest revenue source, any curtailment of Maltese Government debt issuance will have a deleterious effect on earnings.

There are also the risks of foreign stock exchanges, and local entrants competing with the Company locally. Technological innovations within the Fintech sector and adverse regulatory changes could also put pressure on the Company's earnings. Reputational issues, litigation and adverse court rulings could also negatively affect the Company.

The Covid-19 pandemic has had an impact on local and international economies, and the future effects of the outbreak are uncertain. In response to the crisis, the Maltese Government and the Central Bank of Malta have deployed extensive measures to support the economy. The Directors have considered information relating to present and future conditions and the increasing uncertainty that the global Covid-19 pandemic has had on the Company's operations.

The Company remained resilient during this challenging period and attained good results, while supporting its customers throughout the Covid-19 outbreak. Management adapted new operational processes as necessary, while maintaining the same levels of service to customers. The balance sheet and liquidity of the Company remained strong.

Review of Business Development and Financial Position

During 2020, the Company generated a profit before tax of EUR 3,673,440 (2019: EUR 4,105,515). Total assets as at 31 December 2020 stood at EUR 14,128,714 (2019: EUR 13,319,337) while Capital and Reserves stood at EUR 11,119,150 (2019: EUR 10,238,451). The Statement of Profit or Loss and Other Comprehensive Income is set out on page 61 and the movements in the reserves are disclosed in the Statement of Changes in Equity on page 62.

Dividends

The Company paid total net dividends of EUR 1,500,000 (2019: EUR 1,500,000). The Directors do not propose further dividend distributions for the year.

Reserves

The Directors propose that retained earnings amounting to EUR 8,584,480 (2019: EUR 7,716,466) be carried forward to the next financial year.

Regulatory Sanctions

The Directors confirm that no regulatory breaches were reported in 2020 and no regulatory sanctions were imposed on the Malta Stock Exchange plc by the Competent Authority during the year.

Events After the Reporting Date

No adjusting or other significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation of these financial statements by the Board.

Future Developments

It is the Company's intention to focus its efforts on discovering and developing additional areas of revenue over the coming years and to focus its business and product development efforts within the Fintech space. The Exchange will continue to execute on its public relations and international promotion strategy with a view to expand its business locally and overseas. The Exchange will also continue to actively explore opportunities and synergies within the Maltese capital markets and will continue to improve efficiency and growth in the now established operations of Prospects MTF, the Malta Stock Exchange Institute and the local fund management industry.

Directors

The directors who served the Company during the year were:

Mr Joseph Portelli (Chairman);
Prof. Joseph Falzon (Deputy Chairman);
Dr Abdalla Kablan;
Prof. Tanya Sammut-Bonnici; and
Mr Steven Tedesco.

In accordance, with the Company's Articles of Association, the present directors are to remain in office.

Auditors

A resolution to reappoint Grant Thornton as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 26 April 2021 and signed on its behalf by:



JOSEPH PORTELLI
Chairman



JOSEPH FALZON
Deputy Chairman

Registered office
Garrison Chapel
Castille Place
Valletta VLT 1063
Malta



The background features a series of overlapping circles and arcs in various shades of green and grey. A large, dark green circle is prominent on the left side. A lighter green arc curves across the top right. Several grey and light green arcs are layered in the bottom left and bottom center, creating a dynamic, abstract composition.

DIRECTORS' RESPONSIBILITIES



DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap 386 enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.







AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2020

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 EUR	2019 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	5	916,115	1,047,933
Intangible assets	6	38,696	52,167
Investment in equity accounted investee	7	-	10,478
Financial assets at FVOCI	8	472,890	467,203
Deferred tax asset	9	67,374	62,476
Other financial assets	10	2,400,000	3,150,000
		3,895,075	4,790,257
Current assets			
Trade and other receivables	11	2,451,167	2,326,237
Cash and cash equivalents	12	6,523,472	5,281,285
Other financial assets	10	1,259,000	884,000
Current tax asset		-	37,558
		10,233,639	8,529,080
TOTAL ASSETS		14,128,714	13,319,337
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13.1	2,500,000	2,500,000
Fair value reserve	13.3	6,259	405
Social responsibility fund	13.4	28,411	21,580
Retained earnings		8,584,480	7,716,466
		11,119,150	10,238,451
Non-current liability			
Lease liabilities	16	256,184	356,058
		256,184	356,058
Current liabilities			
Bank borrowings	14	1,426	875
Trade and other payables	15	2,580,791	2,605,263
Lease liabilities	16	128,925	118,690
Current tax liability		42,238	-
		2,753,380	2,724,828
Total liabilities		3,009,564	3,080,886
TOTAL EQUITY AND LIABILITIES		14,128,714	13,319,337

The accounting policies and explanatory notes found on pages 64 to 83 form an integral part of the financial statements.

The financial statements on pages 59 to 83 have been authorised for issue by the Board of Directors on 26 April 2021 and were signed on its behalf by:



JOSEPH PORTELLI
Chairman



JOSEPH FALZON
Deputy Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 EUR	2019 EUR
Revenue	17	7,008,779	7,060,281
Cost of revenue	18	(179,458)	(184,189)
Gross profit		6,829,321	6,876,092
Administrative expenses	18	(3,174,299)	(3,411,569)
Write-offs and impairment allowances		(53,426)	(10,681)
Operating profit		3,601,596	3,453,842
Share of loss in equity accounted investee	7	(242)	(1,364)
Rental income		23,913	42,800
Income from financial assets at FVOCI	19	17,156	585,245
Finance income	20	53,214	48,702
Finance costs	20	(22,197)	(23,710)
Profit before tax		3,673,440	4,105,515
Income tax expense	21	(1,298,595)	(1,248,603)
Profit for the year		2,374,845	2,856,912
Other comprehensive income/(loss) for the year			
Items that are or may be reclassified to profit or loss			
Financial assets at FVOCI:			
Net fair value gains		5,854	405
Recycling to profit or loss on disposal		-	(409,179)
Other comprehensive income/(loss) for the year		5,854	(408,774)
Total comprehensive income for the year		2,380,699	2,448,138

The accounting policies and explanatory notes found on pages 64 to 83 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Notes	Issued capital EUR	Fair value reserve EUR	Social responsibility fund EUR	Retained earnings EUR	Total EUR
At 1 January 2019		2,500,000	409,179	21,280	6,359,854	9,290,313
Profit for the year		-	-	-	2,856,912	2,856,912
Recycling to profit or loss on disposal		-	(409,179)	-	-	(409,179)
Other comprehensive gain for the year		-	405	-	-	405
Total comprehensive income		-	(408,774)	-	2,856,912	2,448,138
Net movement for the year	13.4	-	-	300	(300)	-
Transactions with owners of the Company						
Contributions and distributions						
Dividends declared and paid	13.2	-	-	-	(1,500,000)	(1,500,000)
At 31 December 2019		2,500,000	405	21,580	7,716,466	10,238,451
At 1 January 2020		2,500,000	405	21,580	7,716,466	10,238,451
Profit for the year		-	-	-	2,374,845	2,374,845
Recycling to profit or loss on disposal		-	-	-	-	-
Other comprehensive gain for the year		-	5,854	-	-	5,854
Total comprehensive income		-	5,854	-	2,374,845	2,380,699
Net movement for the year	13.4	-	-	6,831	(6,831)	-
Transactions with owners of the Company						
Contributions and distributions						
Dividends declared and paid	13.2	-	-	-	(1,500,000)	(1,500,000)
At 31 December 2020		2,500,000	6,259	28,411	8,584,480	11,119,150

The accounting policies and explanatory notes found on pages 64 to 83 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 EUR	2019 EUR
Operating activities			
Profit before tax		3,673,440	4,105,515
Adjustments for:			
Depreciation of property, plant and equipment	5	258,391	254,868
Amortisation of intangible assets	6	15,881	46,500
Finance income	19/20	(70,370)	(85,440)
Finance costs	20	22,197	23,710
Gain on disposal of financial assets at FVOCI	19	-	(548,507)
Share of loss in equity accounted investee	7	242	1,364
Write offs and impairment allowances		53,426	10,681
		3,953,207	3,808,691
Changes in:			
Trade and other receivables		(180,007)	(90,816)
Trade and other payables		(24,469)	229,542
Cash generated from operating activities		3,748,731	3,947,417
Income taxes paid		(1,223,695)	(1,351,806)
Net cash flows from operating activities		2,525,036	2,595,611
Investing activities			
Acquisition of property, plant and equipment	5	(95,130)	(126,567)
Acquisition of intangible assets	6	(2,410)	(52,115)
Proceeds from disposal of financial assets at FVOCI		-	1,835,045
Acquisition of financial assets at FVOCI		-	(466,841)
Proceeds from liquidation of equity-accounted investee		10,236	-
Interest received		72,183	119,937
Maturity / (Placement) of term deposits		375,000	(119,448)
Net cash flows from investing activities		359,879	1,190,011
Financing activities			
Dividends paid		(1,500,000)	(1,500,000)
Payments of lease liabilities		(121,082)	(113,776)
Interest paid		(22,197)	(23,710)
Cash flows used in financing activities		(1,643,279)	(1,637,486)
Net increase in cash and cash equivalents		1,241,636	2,148,136
Cash and cash equivalents at 1 January		5,280,410	3,132,274
Cash and cash equivalents at 31 December	12	6,522,046	5,280,410

The accounting policies and explanatory notes found on pages 64 to 83 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 Reporting Entity

Malta Stock Exchange plc ("the Company") is a public limited company domiciled and incorporated in Malta.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) ("the Act").

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered information relating to present and future conditions, including the increasing uncertainty that the global Covid-19 pandemic has had on the Company's operations.

The Company remained resilient during this challenging period and attained good results, while supporting its customers throughout the Covid-19 outbreak. Management adapted new operational processes as necessary, while maintaining the same levels of service to customers. The balance sheet and liquidity of the Company remained strong and although there is uncertainty associated with economic forecasts that may impact the Company's customers, the Directors believe that the current levels of profitability, capital and liquidity will be retained for the foreseeable future.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that debt investments are measured at fair value whilst associated undertakings are accounted for using the equity method.

2.3 Functional and presentation currency

These financial statements are presented in EURO (EUR) which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their descriptions as significant and critical in terms of the requirements of *IAS 1 Presentation of Financial Statements*.

3 Significant Accounting Policies

The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting policies have been applied consistently during the years presented in these financial statements.

The financial statements are presented in accordance with *IAS 1 Presentation of Financial Statements (Revised 2007)*.

3.1 Property, plant and equipment

3.1.1 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 Significant Accounting Policies *(continued)*

3.1 Property, plant and equipment *(continued)*

3.1.1 Property, plant and equipment *(continued)*

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Improvements to premises	10 years
General electrical equipment	15 years
Computer hardware	5 years
Office furniture, fittings and other equipment	6 to 10 years
Land and buildings	5 years
Motor vehicles	5 to 7 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

3.1.2 Land and buildings and motor vehicles

Land and buildings and motor vehicles represent the right-of-use assets recognised on the application of IFRS 16. The accounting policy for these assets is explained in note 3.12.

3.2 Intangible assets

Intangible assets represent software licences acquired by the Company and which have finite useful lives. Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

3.2.1 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.2.2 Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on the straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful life for the current and comparative periods for software licenses is of 5 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3 Investment in equity accounted investee

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investment in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The financial statements include the Company's share in the income and expenses and equity movements of equity accounted investees from the date that significant influence commences until the date that significant influence ceases.

When the Company's share in losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

3.4 Financial instruments

3.4.1 Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 Significant Accounting Policies *(continued)*

3.4 Financial instruments *(continued)*

3.4.2 Classification and subsequent measurement

Financial assets

Financial assets, other than those designated and effective as hedging instruments are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI).

In the years presented, the Company does not have any financial assets categorised as FVTPL. The Company classifies its financial assets into one of the following categories: amortised cost (which includes trade and other receivables excluding prepayments and non-interest accrued income, other financial assets and cash and cash equivalents) and FVOCI (debt investments).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objectives is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model and how these risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL – These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 Significant Accounting Policies *(continued)*

3.4 Financial instruments *(continued)*

3.4.2 Classification and subsequent measurement *(continued)*

Financial assets – Subsequent measurement and gains and losses *(continued)*

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI – These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI – These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade and other receivables which is presented as impairment allowances in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities – Classification, subsequent measurement and gains and losses

The Company's financial liabilities include bank borrowings, trade and other payables excluding deferred income and accruals and statutory liabilities, and lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted per transaction costs unless the Company designates a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest related charges are reported in profit or loss.

3.4.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

3.4.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, the Company, currently has a legally enforceable right to set off the amounts and there is an intention either to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

3.5 Equity, reserves and dividend distribution

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period results less dividend distributions and transfers to the Social responsibility fund.

Dividend distribution payable to equity shareholders is included under short-term financial liabilities when the dividends are approved at the general meeting prior to the end of the reporting period.

Fair value reserve represents accumulated gains and losses relating to changes in fair value of financial assets at FVOCI.

Social responsibility fund represents the net amount of funds set aside by the Company for the purposes of supporting educational, philanthropic and cultural causes as well as to support the maintenance and refurbishment of Malta's historical heritage.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 Significant Accounting Policies *(continued)*

3.6 Impairment

3.6.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on: financial assets measured at amortised cost and on financial assets at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt investments that are determined to have low credit risk at the reporting date; and
- Other debt investments and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and financial assets at FVOCI are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3.6.2 Property, plant and equipment and intangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses are recognised immediately in profit or loss. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.7 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the Statement of Financial Position, cash and cash equivalents consist of cash in hand and demand deposits at banks. Cash and cash equivalents presented in the Statement of Cash Flows is net of bank borrowings.

3.8 Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax expense are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 Significant Accounting Policies *(continued)*

3.8 Taxes *(continued)*

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.9 Revenue and expenses recognition

3.9.1 Revenue

Revenue arises mainly from fees received from members and stockbrokers and fees received related to listing, clearing, registration and trading of quoted and admitted securities and other related services.

To determine whether to recognise revenue, the Company follows a five-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations;
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured based on the consideration specified in Exchange Notice 1 – Fees and Charges published by the Company. The Company recognises revenue either at a point in time or over time when it satisfies the performance obligations of the services delivered to counter parties. Deferred income is reported under Trade and other payables in the Statement of Financial Position.

Rental income

Rental income from short-term rental agreements is recognised on a straight-line basis over the term specified in the agreement.

Finance income

Finance income is accounted for on an accruals basis by reference to the principal amounts and the applicable interest rates.

3.9.2 Expenses

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income upon utilisation of the service or at the date of their origin.

3.10 Employee benefits

The entity pays fixed contributions towards the State pension in accordance with local legislation and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which the services are rendered by the employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3.11 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where it is expected that part or all of a provision is to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement.

3.12 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

3 Significant Accounting Policies *(continued)*

3.12 Leases *(continued)*

Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities under current and non-current liabilities in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.13 New standards and interpretations endorsed by the EU not yet adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4 Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for both measurement and disclosure purposes only based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Debt investments

The fair value of debt investments is determined by reference to their quoted closing bid price at the reporting date.

4.2 Lease liabilities

The fair value of lease liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the interest rate implicit in the lease / incremental borrowing rate.

4.3 Other financial assets and liabilities

The fair values of the other financial assets and liabilities measured at cost are not different from their carrying amount, in view of their short-term nature.

5 Property, Plant and Equipment

	Land & Buildings EUR	Improvements to Premises EUR	General Electrical Equipment EUR	Computer Hardware EUR	Office Furniture, Fittings and Other Equipment EUR	Motor Vehicles EUR	Total EUR
Cost							
At 1 January 2019	-	408,441	1,226,923	878,142	923,717	-	3,437,223
Recognition of right-of-use assets on application of IFRS 16	543,629	-	-	-	-	57,749	601,378
Additions	-	27,013	31,665	19,403	48,486	-	126,567
At 31 December 2019	543,629	435,454	1,258,588	897,545	972,203	57,749	4,165,168
At 1 January 2020	543,629	435,454	1,258,588	897,545	972,203	57,749	4,165,168
Additions	-	29,409	30,044	7,970	27,707	31,443	126,573
At 31 December 2020	543,629	464,863	1,288,632	905,515	999,910	89,192	4,291,741
Accumulated depreciation							
At 1 January 2019	-	130,942	1,118,117	752,593	860,715	-	2,862,367
Depreciation charge for the year	115,433	42,205	12,858	55,070	17,596	11,706	254,868
At 31 December 2019	115,433	173,147	1,130,975	807,663	878,311	11,706	3,117,235
At 1 January 2020	115,433	173,147	1,130,975	807,663	878,311	11,706	3,117,235
Depreciation charge for the year	115,440	44,396	14,764	49,877	19,291	14,623	258,391
At 31 December 2020	230,873	217,543	1,145,739	857,540	897,602	26,329	3,375,626
Carrying amount							
At 1 January 2019	543,629	277,499	108,806	125,549	63,002	57,749	1,176,234
At 31 December 2019	428,196	262,307	127,613	89,882	93,892	46,043	1,047,933
At 1 January 2020	428,196	262,307	127,613	89,882	93,892	46,043	1,047,933
At 31 December 2020	312,756	247,320	142,893	47,975	102,308	62,863	916,115

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

6 Intangible Assets

	Computer Software EUR
Cost	
At 1 January 2019	1,120,972
Additions	52,115
At 31 December 2019	1,173,087
At 1 January 2020	1,173,087
Additions	2,410
At 31 December 2020	1,175,497
Accumulated amortisation	
At 1 January 2019	1,074,420
Amortisation during the year	46,500
At 31 December 2019	1,120,920
At 1 January 2020	1,120,920
Amortisation during the year	15,881
At 31 December 2020	1,136,801
Carrying amount	
At 1 January 2019	46,552
At 31 December 2019	52,167
At 1 January 2020	52,167
At 31 December 2020	38,696

7 Investment in Equity Accounted Investee

In January 2012, the Company was allotted shares on the incorporation of European Wholesale Securities Market Limited ('the equity accounted investee'), a company set-up under the laws of Malta with the aim to provide a European Wholesale Securities Market (EWSM), a specialist market for wholesale fixed-income debt securities. EWSM was an EU regulated market, established in Malta and authorised by the Malta Financial Services Authority, which surrendered its licence and was put into liquidation on 27 December 2018.

The Company had a 20% holding in European Wholesale Securities Market Limited, with the other shareholder being Irish Stock Exchange Limited holding 80%. The Company had invested a total of EUR 40,000 in the issued share capital of this equity accounted investee.

EWSM was struck off the register on 5 August 2020. During the year the Company received EUR 10,236 representing part of the share capital invested as per scheme of distribution amounting to EUR 10,478 less the Company's share of expenses incurred after liquidation accounts were finalised, amounting to EUR 242. For the year ended 31 December 2019, the equity accounted investee sustained a loss of EUR 6,820 with shareholders' equity at year-end of EUR 52,391. In 2019, the Company recognised EUR 1,364 as share of loss in equity accounted investee in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8 Financial Assets at FVOCI

Financial assets at FVOCI

a. The fair value of the financial assets is as follows:

	2020 EUR	2019 EUR
Corporate Bonds	472,890	467,203
	472,890	467,203

b. The amortised cost of the financial assets is as follows:

	Effective interest rate %	2020 EUR	2019 EUR
Corporate Bonds	3.5 - 3.7	466,631	466,798
		466,631	466,798

c. The revaluation balance of the financial assets (recognised in equity) is as follows:

	2020 EUR	2019 EUR
Corporate Bonds	6,259	405
	6,259	405

9 Deferred Tax Asset

9.1 Recognised deferred tax asset

Deferred tax asset is attributable to the following:

	2020 EUR	2019 EUR
Plant and equipment	34,543	45,384
Accrued investment income	(2,436)	(2,683)
Impairment allowances	35,267	19,775
	67,374	62,476

9.2 Movement in temporary differences during the year

	Balance 01/01/2019 EUR	Recognised in profit or loss EUR	Balance 31/12/2019 EUR	Recognised in profit or loss EUR	Balance 31/12/2020 EUR
Plant and equipment	8,978	36,406	45,384	(10,841)	34,543
Accrued investment Income	(7,265)	4,582	(2,683)	247	(2,436)
Impairment allowances	16,338	3,437	19,775	15,492	35,267
	18,051	44,425	62,476	4,898	67,374

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

10 Other Financial Assets

	2020 EUR	2019 EUR
Non-current assets:		
Term deposits with remaining maturities of more than one year	2,400,000	3,150,000
Current assets:		
Term deposits with remaining maturities of less than one year	1,250,000	875,000
Short-term bank guarantee	9,000	9,000
	1,259,000	884,000

Term deposits earn interest at a weighted average interest rate of 1.32% (2019: 1.24%) per annum.

EUR 2,000,000 out of the total term deposits have been pledged against an overdraft facility which has not been utilised during the year.

11 Trade and Other Receivables

	2020 EUR	2019 EUR
Fees receivable net of impairment allowances (note 11.1)	2,206,903	2,156,040
Amounts due from related parties (note 11.2)	118,751	72,770
Prepayments and accrued income	116,638	97,327
Other receivables	8,875	100
	2,451,167	2,326,237

Information about the Company's exposure to credit risk and impairment losses on trade receivables is included in note 24.1.

11.1 As at the reporting date, the ageing analysis of fees receivable is as follows:

	Total EUR	Neither Past due nor impaired EUR	Past due but not impaired		
			>30 days EUR	60-90 days EUR	90 days and older EUR
2020	2,206,903	1,593,042	262,751	75,480	275,630
2019	2,156,040	1,968,377	140,472	20,193	26,998

Fees receivable, which are neither past due nor impaired, include trade receivables due from the Government of Malta, a related party, of EUR 447,227 (2019: EUR 432,559).

As at the reporting date, the Company had impairment allowances amounting to EUR 100,758 (2019: EUR 56,501). Given the extremely challenging economic period bestowed on the country during the Covid-19 pandemic, the Company revised its credit policy to extend the credit period for the settlement of invoices from 60 to 120 days, thus allowing further cash management flexibility to its debtors. Understandably this has led to an increase in the ageing of the Company's debtors. The Company expects to revise the credit period back to 60 days once the pandemic is over and economic growth returns to pre-Covid-19 levels.

11.2 Amounts due from related parties are unsecured, non-interest bearing and have no fixed date of repayment. The balance as at 31 December 2020 comprises EUR 86,199 (2019: EUR 51,851) due from Malta Stock Exchange Institute Limited and EUR 32,552 (2019: EUR 20,919) due from MSX plc.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

12 Cash and Cash Equivalents

	2020 EUR	2019 EUR
Cash at banks	6,522,807	5,280,859
Cash in hand	665	426
Cash and cash equivalents as shown in the Statement of Financial Position	6,523,472	5,281,285
Bank borrowings (note 14)	(1,426)	(875)
Cash and cash equivalents as shown in the Statement of Cash Flows	6,522,046	5,280,410

13 Capital and Reserves

13.1 Share Capital

	2020 EUR	2019 EUR
Authorised		
5,000,000 ordinary shares of EUR 1 each	5,000,000	5,000,000
Issued and fully paid up		
2,500,000 ordinary shares of EUR 1 each	2,500,000	2,500,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13.2 Dividends

	2020 EUR	2019 EUR
Declared and paid during the year:		
Dividend on ordinary shares for 2020: EUR 0.60 (2019: EUR 0.60)	1,500,000	1,500,000

13.3 Fair value reserve

Fair value reserve comprises net fair value gains and losses recognised in OCI not available for distribution.

13.4 Social responsibility fund

The Company has setup a Social Responsibility Fund for the purpose of supporting educational, philanthropic and cultural causes as well as to support the maintenance and refurbishment of Malta's historical heritage. An annual contribution of EUR 17,811 (2019: EUR 17,307) was transferred from retained earnings into the Social Responsibility Fund. Any payments from such Social Responsibility Fund are subject to approval by the Board of Directors. As payments are effected, the expense is recognised in profit or loss with an equivalent transfer from the Social Responsibility Fund to retained earnings. The amount utilised during the year out of this Fund amounted to EUR 10,980 (2019: EUR 17,007).

14 Bank Borrowings

	2020 EUR	2019 EUR
Bank borrowings	1,426	875

These amounts represent overdrawn balances on credit card accounts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

15 Trade and Other Payables

	2020 EUR	2019 EUR
Trade payables (note 15.1)	34,399	63,650
Amounts due to related parties (note 15.2)	633,187	614,610
Deferred income	1,439,517	1,487,267
Accruals and other payables	165,375	126,986
Other taxes	308,313	312,750
	2,580,791	2,605,263

15.1 Trade payables are non-interest bearing and are normally settled on 60-day term.

15.2 Amounts due to related parties are unsecured, non-interest bearing and repayable on demand. These amounts include EUR 387,242 (2019: EUR 368,665) due to MSE (Holdings) Ltd and EUR 245,945 (2019: EUR 245,945) due to the Government of Malta.

16 Leases

16.1 Lease liabilities are presented in the Statement of Financial Position as follows:

	2020 EUR	2019 EUR
Non-current	256,184	356,058
Current	128,925	118,690
	385,109	474,748

16.2 The Company leases its office premises from its parent company for a period of five years, after which period the lease may be renewed. The annual rent on the property is currently EUR 90,000 (2019: EUR 90,000). The Company also leases its secondary site from a third party for a period of 10 years, after which period the lease may be renewed. The property is subject to an annual rent of EUR 29,500 with an increase of 1.5% every year on the rent due during the immediately preceding year of the lease, currently at EUR 31,780 (2019: EUR 31,310). Additionally, the Company leases three cars from third parties, for periods between five to seven years.

These leases are recognised as land and buildings and motor vehicles (right-of-use assets) under property, plant and equipment and lease liabilities in the Statement of Financial Position.

For leases over premises, the Company must keep the properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure and incur maintenance fees on such properties in accordance with the lease agreements.

16.3 The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised in the Statement of Financial Position:

Right-of-use assets	Office premises	Secondary site	Motor vehicles
No of right-of-use-assets leased	1	1	3
Range of remaining term (years)	2.2	4.5	1.5 - 5
Average remaining lease term (years)	2.2	4.5	3.7

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

16 Leases (continued)

16.4 The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December were as follows:

	Not later than one year EUR	Later than one year but not later than five years EUR	Later than five years EUR	Total EUR
2020				
Lease payments	149,081	284,505	-	433,586
Finance charges	(20,156)	(28,321)	-	(48,477)
Net present values	128,925	256,184	-	385,109
2019				
Lease payments	137,956	379,813	8,686	526,455
Finance charges	(19,266)	(31,748)	(693)	(51,707)
Net present values	118,690	348,065	7,993	474,748

Finance charges recognised by the Company during the year amounted to EUR 22,197 (2019: EUR 23,710).

16.5 The Company has elected not to recognise right-of-use assets and corresponding lease liabilities for its leases of other motor vehicles classified as short-term leases (leases with effective term of 12 months or less). Payments made under such leases are expensed on a straight-line basis and amounted to EUR 17,590 (2019: EUR 24,569). These short-term leases are included as part of administrative expenses in the Statement of Profit or Loss and Other Comprehensive Income.

16.6 Additional information on the right-of-use assets as at 31 December:

	Carrying amount (note 5) EUR	Depreciation expense EUR	Impairment EUR
2020			
Land and buildings	312,756	115,440	-
Motor vehicles	62,863	14,623	-
2019			
Land and buildings	428,196	115,433	-
Motor vehicles	46,043	11,706	-

17 Revenue

The Company's income from its main activities was as follows:

	2020 EUR	2019 EUR
Listing fees	4,516,206	4,517,991
Register fees	1,312,184	1,400,284
Turnover fees	248,704	240,512
Stockbrokers' fees	36,326	35,974
Other fees	895,359	865,520
	7,008,779	7,060,281

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

18 Cost of Revenue and Administrative Expenses

	2020 EUR	2019 EUR
<i>Cost of revenue</i>		
Variable trading fees	179,458	184,189
<i>Administrative expenses</i>		
Emoluments of the Chairman and other board members	22,600	22,600
Salaries, social security and other staff costs (note 18.1)	1,914,457	1,892,731
Rent	15,396	17,619
Auditors' remuneration	8,000	8,000
Depreciation of property, plant and equipment	258,391	254,868
Amortisation of intangible assets	15,881	46,500
Other expenses	939,574	1,169,251
	3,174,299	3,411,569

Other expenses include other non-audit services payable to the Company's auditors amounting to EUR 1,750 excluding VAT (2019: nil).

18.1 Employee information

18.1.1 Salaries, social security and other staff costs

	2020 EUR	2019 EUR
Wages and salaries	1,780,764	1,757,556
Social security costs	112,710	112,601
Other staff costs	20,983	22,574
	1,914,457	1,892,731

18.1.2 Staff numbers

The average number of persons employed by the Company during the year was 52 (2019: 54).

19 Income from Financial Assets at FVOCI

	2020 EUR	2019 EUR
Interest on financial assets at FVOCI	17,156	36,738
Gain on disposal of financial assets at FVOCI	-	548,507
	17,156	585,245

20 Net Finance income

	2020 EUR	2019 EUR
Finance income		
Interest on bank balances	53,214	48,702
Finance costs		
Interest on lease liabilities	(22,197)	(23,710)
Net finance income	31,017	24,992

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

21 Income Tax Expense

21.1

	2020 EUR	2019 EUR
Current tax expense	1,303,493	1,293,028
Deferred tax income (note 9.2)	(4,898)	(44,425)
Income tax expense	1,298,595	1,248,603

21.2 Reconciliation of effective tax rate

	2020 EUR	2019 EUR
Profit before tax	3,673,440	4,105,515
Tax at 35%	1,285,704	1,436,930
Adjustments for the tax effect of		
- share of loss in equity accounted investee	85	477
- amortisation of financial assets at FVOCI	58	826
- expenses not deductible for tax purposes	71,153	69,337
- expenses deductible for tax purposes	(44,297)	(47,453)
- income subject to lower rates of tax	(14,108)	(14,368)
- income not subject to tax	-	(197,146)
Income tax expense	1,298,595	1,248,603

22 Immediate Parent and Ultimate Controlling Party

The immediate parent company of Malta Stock Exchange plc is MSE (Holdings) Ltd, a company registered in Malta having its registered address at Garrison Chapel, Castille Place, Valletta.

The ultimate controlling party of Malta Stock Exchange plc is the Government of Malta.

23 Related Party Transactions and Balances

The related parties of the Company with which the Company had balances outstanding as of 31 December 2020 or transactions during the year then ended were as follows:

- Government of Malta (ultimate controlling party)
- MSE (Holdings) Ltd (parent company)
- Malta Stock Exchange Institute Limited (other related company)
- MSX plc (other related company)
- CSD (Malta) plc – liquidated and struck off the register (other related company)
- European Wholesale Securities Market Limited – liquidated and struck off the register (associate)

23.1 Related party transactions

Unless otherwise stated, none of the transactions with related parties incorporate special terms and no conditions and no guarantees were given or received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

23 Related Party Transactions and Balances *(continued)*

23.1 Related party transactions *(continued)*

During the year, the Company entered into various transactions with related parties, as follows:

		2020 EUR	2019 EUR
<i>Revenue</i>	<i>Related Party</i>		
Listing fees	Government of Malta	2,040,500	2,071,050
Register fees	Government of Malta	437,478	428,625
Amendments	Government of Malta	36,440	57,141
Registrar fees	Government of Malta	65,225	-
Dividends paid	MSE (Holdings) Ltd	1,500,000	1,500,000

Included in administrative expenses are salaries paid to the chairman and board members amounting to EUR 22,600 (2019: EUR 22,600).

The Company leases its office premises from its parent company MSE (Holdings) Ltd for an annual rent of EUR 90,000. Following the adoption of IFRS 16 *Leases*, the Company has recognised a lease liability and right-of-use asset at the net present value of the future lease payments for office premises, as disclosed in note 16.

23.2 Related party balances

The outstanding amounts at year end together with the related terms have been separately disclosed in notes 11 and 15.

24 Financial Risk Management Objectives and Policies

The Company is exposed to credit risk, market risk and liquidity risk through its use of financial instruments. The Company's risk management is discussed by the Risk Committee and the Board of Directors reviews and agrees policies for managing each of these risks. The Board of Directors focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial risks.

The financial risks to which the Company may be exposed are described below. See also note 24.5 for a summary of the Company's financial assets and financial liabilities by category.

24.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial assets which potentially subject the Company to credit risk consist principally of financial assets at FVOCI, trade and other receivables, other financial assets and cash and cash equivalents. The maximum exposure is the carrying amounts disclosed as follows:

	Notes	2020 EUR	2019 EUR
Classes of financial assets – carrying amounts:			
Financial assets at FVOCI	8a	472,890	467,203
Financial assets at amortised cost:			
Other financial assets	10	3,659,000	4,034,000
Trade and other receivables	11	2,325,654	2,228,810
Cash and cash equivalents	12	6,522,807	5,280,859
		12,980,351	12,010,872

The credit risk relating to financial assets at FVOCI is considered to be low in view of management's policy of investing only in high quality corporate securities which are listed on recognised stock exchanges.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

24 Financial Risk Management Objectives and Policies *(continued)*

24.1 Credit risk *(continued)*

The Company's cash and cash equivalents are placed with quality financial institutions rated at BBB- and A- (Standard and Poor's) where credit ratings are available.

Carrying amounts for fees receivables (included as part of trade and other receivables) are stated net of the necessary impairment allowances amounting to EUR 100,758 (2019: EUR 56,501). A Historical Default Rate (HDR) of 1.48% (2019: 0.27%) was calculated, which rate is based on actual credit loss experience over the past five years. The HDR has been adjusted with the Forward-Looking Default Rate (FLDR) by industry in order to revise the Expected Credit Losses (ECLs). The adjustment to the HDR is necessary to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The Covid-19 pandemic which started spreading in early 2020 is causing significant disruption to business and economic activity and has an immediate impact on the economic scenarios used for estimating ECLs. This is because key inputs for this estimation, such as Gross Domestic Product, are weakening and the probability of a particular adverse economic scenario for the short-term is higher.

The Company's exposure to credit risk on its operations arises from activity exceeding 25% of its revenues. At year end the Company had EUR 447,227 (2019: EUR 432,559) owed by the Government of Malta representing 20% (2019: 20%) of the Company's total fee receivables. The Government of Malta generated EUR 2,579,643 (2019: EUR 2,556,816), representing 37% (2019: 36%), of the Company's total revenue.

24.2 Market risk

24.2.1 Interest rate risk

The interest rates on debt investments at FVOCI and term deposits are disclosed in notes 8b and 10. Under the present interest rate scenario, a reasonably expected change in benchmarks is not expected to have any significant effect on the Company's financial assets and financial liabilities.

24.2.2 Other price risk

The Company is exposed to other price risk in respect of its financial asset at FVOCI.

An average volatility of 1% has been observed during 2020 (2019: 1%). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for the securities increased or decreased by that amount, profit or loss and equity would have changed by EUR 5,000 (2019: EUR 5,000).

24.3 Liquidity risk

The Company actively manages its risk of a shortage of funds by closely monitoring the maturity of both its financial investments and other receivables and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and proceeds from sale of financial assets at FVOCI. The presentation of the financial assets and financial liabilities listed above under the current and non-current headings within the Statement of Financial Position is intended to indicate the timing in which cash flows will arise.

The Company's financial liabilities have contractual maturities which are summarised below:

	Current		Non-current	
	Not later than one year EUR	Later than one year but not later than five years EUR	Later than five years EUR	Total EUR
At 31 December 2020				
Lease liabilities	149,081	284,505	-	433,586
Other payables	667,586	-	-	667,586
Bank borrowings	1,426	-	-	1,426
	818,093	284,505	-	1,102,598

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

24 Financial Risk Management Objectives and Policies *(continued)*

24.3 Liquidity risk *(continued)*

	Current	Later than one year but not later than five years	Non-current Later than five years	Total
	Not later than one year EUR	than five years EUR	EUR	EUR
At 31 December 2019				
Lease liabilities	137,956	379,813	8,686	526,455
Other payables	629,590	-	-	629,590
Bank borrowings	875	-	-	875
	768,421	379,813	8,686	1,156,920

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

24.4 Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's debt investments are classified within the Level 1 category. There have been no significant transfers between levels in the reporting period.

The method and valuation technique used for the purpose of measuring fair values did not change from the previous reporting period.

24.5 Summary of financial assets and financial liabilities by category

The carrying amounts of the Company's financial assets and financial liabilities as recognised at the end of the reporting date under review may also be categorised as follows. See note 3.4 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2020 EUR	2019 EUR
Non-current assets			
Financial assets at FVOCI	8a	472,890	467,203
Financial assets at amortised cost:			
Other financial assets	10	2,400,000	3,150,000
		2,872,890	3,617,203
Current assets			
Financial assets at amortised cost:			
Trade and other receivables	11	2,325,654	2,228,810
Cash and cash equivalents	12	6,523,472	5,281,285
Other financial assets	10	1,259,000	884,000
		10,108,126	8,394,095

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

24 Financial Risk Management Objectives and Policies *(continued)*

24.5 Summary of financial assets and financial liabilities by category *(continued)*

	Notes	2020 EUR	2019 EUR
Non-current liability			
Financial liability at amortised cost:			
Lease liabilities	16	256,184	356,058
		256,184	356,058
Current liabilities			
Financial liabilities at amortised cost:			
Bank borrowings	14	1,426	875
Trade and other payables	15	667,586	629,590
Lease liabilities	16	128,925	118,690
		797,937	749,155

24.6 Capital Management

Capital includes equity less the fair value reserve comprising net gains on debt investments at FVOCI. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process during the year.

Externally imposed capital requirements

The Company is required to comply with the capital requirements as set by the Malta Financial Services Authority. Central securities depositories and Trading Venues are required to maintain own funds equal to or in excess of the capital requirements. The Company is required to have capital, together with its retained earnings and reserves, proportional to the risks stemming from the activities it undertakes.

Capital requirement is calculated in accordance with Rule 3-1.1 of the Financial Market Rules for Trading Venues, DRSPs and Central Securities Depositories.

During the year under review, the Company complied with all of the capital requirements as stipulated in the financial market rules for trading venues and central securities depositories.

25 Post Reporting Date Events

No adjusting or other significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation of these financial statements by the Board.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Malta Stock Exchange plc

Report on audit of the financial statements

Opinion

We have audited the financial statements of Malta Stock Exchange plc (the "Company") set out on pages 59 to 83 which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2020, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap 386 (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the directors' report and statement of directors' responsibilities shown on pages 51 to 57, and the other information on the annual report shown on pages 9 to 49 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; and
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON Certified Public Accountants

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26 April 2021



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