



MALTA STOCK EXCHANGE

NEWSLETTER JANUARY - JUNE 2019





Dear Friends,

Over the past 6 months we have continued, on our strategy to modernise and internationalise the Exchange. We believe we are succeeding to put in place the required processes and infrastructure, to transform our organisation into one of Malta's leading financial institutions.

We remain committed to creating a capital markets ecosystem that will allow businesses to attract capital in a cost effective and efficient manner and are mindful that our actions directly or indirectly have far reaching implications that help create jobs and drive economic growth.

I am pleased to report that we are building a reputation internationally of being trailblazers within the nascent digital asset and blockchain space. In July 2018, MSX PLC was formed to be the Group's digital asset arm. We believe that by Q1 2020 the Malta Stock Exchange (MSE) will be one of the first European exchanges to be associated with a blockchain integrated T0 settlement platform.

We have continued to dedicate significant resources to processing new Prospects MTF applications. We believe by year end as many as 27 local SMEs will have been admitted to the Exchange. In 2018, the Board decided prudence dictated strengthening Prospects MTF admission requirements. We believe this action serves the interests of all stakeholders, including investors and the business community alike.

In 2017, we inaugurated the Institutional Financial Securities Market (IFSM), a regulated wholesale market geared towards the listing of securitised products. This decision proved well timed considering Euronext decided to wind up the European Wholesale Securities Market (EWSM), a joint venture formed between the Irish and Malta Stock Exchange in 2012. The IFSM seamlessly became home to all 12 of the securities that were previously listed on EWSM.

As for the Malta Stock Exchange Institute, in 2018 almost 1,000 students attended over 70 courses. We believe the Malta Stock Exchange Institute is well on its way to becoming Malta's leading provider of affordable investment education.

I am pleased to report that the MSE has been chosen to host one of two conferences held annually by the World Federation of Exchanges (WFE). The WFE is the global industry group for exchanges and clearing houses (CCPs) around the world. For the first time in the WFE's 57 year history, Malta has been selected to host a WFE annual conference. Between March 25-27, 2020, at the Hilton Hotel, the MSE will host the 3-day IOMA: WFE 37th Annual Clearing and Derivatives Conference. We expect as many as 170 foreign delegates to attend this prestigious event. We do hope to see many of our local capital markets colleagues there.

Regards

A handwritten signature in blue ink, appearing to read 'Joseph Portelli', written in a cursive style.

Joseph Portelli

Meeting with MFSA CEO

On January 22 2019, the new MFSA CEO, Mr Joe Cuschieri paid a courtesy visit to the Malta Stock Exchange (MSE). During the visit Mr Cuschieri met with the MSE Chairman, Mr Joe Portelli and the MSE's Executive Team to discuss possible ways of co-operation between the two organizations. He was impressed with the advancement the Exchange has made particularly in these last few years and was confident that the Exchange's growth strategy and the close working relationship between both organisations will continue to strengthen the Exchange's position as one of the key drivers of economic activity in Malta.



Staff Meeting

The first staff meeting for the year was held on the 30 January 2019. MSE Chairman Mr Joseph Portelli together with MSE CEO Mr Simon Zammit and General Manager Alfred Sammut, addressed all Malta Stock Exchange staff giving a brief overview of the milestones reached during 2018 and presented the corporate strategy for 2019. Mr Portelli communicated the Exchange's vision for the coming year which among other things included the Exchange's intention to venture into Distributed Ledger Technology (DLT) which, he stressed, was on the cusp of revolutionizing how exchanges operate. He said that the MSE intends to use this technology to enhance its services and continue to add value to all stakeholders.



Publication of Best Bid and Offer Prices

In February 2019 the Malta Stock Exchange launched a new investor information service by publishing delayed trading data on its website. This service provides information about the best five bid and the best five offer prices and respective trading volumes of all financial instruments traded on the Exchange's platform. This additional transparency enables the investing public to make more informed trading decisions and will also be available on the new smartphone compatible website that the MSE intends to roll out soon.

New Bond Indices Launch



Three new bond indices designed to provide the market with their respective performance calculated on a total return basis were launched by the Exchange on 22 February 2019. The three indices are: The MSE Malta Government Stocks Total Return Index, the MSE Corporate Bonds Total Return Index and the MSE Balanced Bonds Total Return Index that will track the top 5 Malta Government Stocks and the top 5 Corporate Bonds.

The launch of these indices is another performance measure introduced by the Exchange subsequent to the launch of the MSE Total Return Equity Index in July 2017.

MSE Participates at the e-mobility Summit

As a keen supporter of environmental issues the Malta Stock Exchange was one of the sponsors of the first e-mobility summit held in Malta on 8 March 2019. The summit provided a venue where EU policy makers and other stakeholder present could discuss the environmental challenges currently being faced by the automobile industry and how these challenges could be overcome by a better presentation of the benefits reaped out of driving electric cars.



Malta Stock Exchange Institute (MSEI) Granted Recognition

Another milestone for the Exchange was the recognition of the MSEI by the National Commission for Further and Higher Education (NCFHE). This important achievement follows the Institute's first two years of operation during which it provided over 140 courses to almost 1,800 students. The

MSEI specialises in offering short courses on a range of subjects from Introduction to the Capital Markets, Compliance Monitoring and Reporting, and Company Law Fundamentals to more specialised courses on Portfolio Risk Management and Fundamentals of Financial Markets Risk Management, amongst many others.

XETRA Migration to T7 Platform

On 25 March, following months of preparation and co-ordination between the various stakeholders, the Malta Stock Exchange migrated successfully to the Deutsche Börse's T7 trading technology. This technology enables MSE members to benefit from a sustainable and reliable system that has proven itself internationally in numerous markets.



MSE Awarded Bid by wfe WORLD FEDERATION OF EXCHANGES

The Malta Stock Exchange (MSE) has been chosen to host one of two prestigious conferences held annually by the World Federation of Exchanges (WFE). For the first time in the WFE's 57 year history, Malta has been selected to host the 3-day IOMA: WFE 37th Annual Clearing and Derivatives Conference. The 36th IOMA: WFE's Clearing & Derivatives Conference was held recently in Mumbai, India and was hosted by National Stock Exchange of India (NSE).

Malta Stock Exchange Delegation to New York

Between the 15th and 16th of April 2019, The MSE organised a business delegation to New York. The visit was led by the Hon. Minister for Finance Prof Edward Scicluna who was accompanied among others by MSE Chairman Joe Portelli and MSE CO Simon Zammit. The main theme of the business visit was 'Malta: A leading Digital Asset Hub'.





The Malta Stock Exchange Business Review

Another successful project embarked on by the Exchange was the launch of the new publication, 'The Malta Stock Exchange Business Review' which was issued in June 2019. The project was first announced in March 2019 with the first publication being distributed at the 12th FinanceMalta Annual Conference on the 6th June 2019. The magazine features interviews with the Minister for Finance, the MFSA CEO as well as other important members of the Maltese business community. It is available in printed form and online.

Visitors to the Exchange

Courtesy Visit by the French Ambassador for Malta

On 15th May 2019, MSE Chairman Mr Joe Portelli and MSE CO Mr Simon Zammit welcomed H. E. Brigitte Curmi the French Ambassador for Malta. H. E. Brigitte Curmi is a career diplomat, who was appointed ambassador for Malta in September 2018. Among the topics of mutual interest discussed was the possibility of collaboration with the Malta Stock Exchange Institute (MSEI) particularly with regards to the introduction of a new 'French for Business' course.





Malta Properties Company CEO Visits the Exchange

On 8th April 2019 the MSE was pleased to receive a courtesy visit from Malta Properties Chairman and CEO Mr Deepak Srinivas Padmanabhan. Mr Padmanabhan was accompanied by Dr Francis Galea Salomone Malta Properties Company Secretary. They were welcomed to the Exchange by MSE Chairman Mr Joe Portelli and MSE CO Simon Zammit. During his first official visit to the Exchange since his appointment, Mr Padmanabhan gave a brief overview of the company's business and its intentions for the future.



Delegation to China

The Malta Stock Exchange, represented by Ms Stephanie Galea, Head of Business Development and Marketing, formed part of a delegation to Beijing, China led by the Minister for Finance Prof Edward Scicluna. During the visit the delegation visited TUS-Holdings Co, Minsheng Bank, Energy China and Tianzhu Free Trade Zone where Minister Scicluna signed an MoU. The MSE also participated at the CIFTIS 2019 - The China Beijing International Fair for Trade in Services.



Global ABS Barcelona

Between the 11th and 13th of June, for the second year running, the Malta Stock Exchange participated at the Global ABS Conference in Barcelona. The conference is attended by over 3,500 leaders in the global ABS market and is the largest annual European structured finance gathering. Particular effort was made to present Malta as a destination for well-regulated securitisations. For this reason the MSE, represented by Ms Stephanie Galea, Head of Business Development and Marketing, teamed up with FinanceMalta which was represented by Mr Ivan Grech, Chief Operating Officer, to offer a one stop shop for all those interested in the securitisations business in Malta.



Admissions to Prospects MTF



Testa Finance plc Bonds



Horizon Finance plc Bonds



The Convenience Shop Holding plc Bonds



FES Finance plc Bonds



Calamatta Cuschieri Finance plc Bonds



Smartcare Finance plc Bonds



Busy Bee Finance plc Bonds

Listings on the Regulated Main Market



BMIT Technologies plc Shares



International Hotel Investments plc Bonds





Endo Finance plc Bonds



Mercury Projects Finance plc Bonds



SP Finance plc Bonds

Market News

Admission to Prospects MTF

Action	Financial Instrument Type	Description	Unit	Date
Corporate Bonds				
New Admissions		5.5% Testa Finance plc Bonds 2029	3,900,000	09-Jan-19
		5% Borgo Lifestyle Finance plc Secured Callable Bonds 2026-2029	5,000,000	12-Feb-19
		5% Horizon Finance plc Secured Callable Bonds 2026 - 2029	2,000,000	21-Mar-19
		5% The Convenience Shop Holding plc Unsecured Callable Bonds 2026 - 2029	5,000,000	28-Mar-19
		5% FES Finance plc Secured Bonds 2029	5,000,000	08-Apr-19
		4.25% Calamatta Cuschieri Finance plc Unsecured Callable Bonds 2024-2026	4,000,000	24-May-19
		5% Smartcare Finance plc Secured Bonds 2029	5,000,000	12-Jun-19
		5% Busy Bee Finance plc Unsecured Bonds 2026	5,000,000	28-Jun-19
Cancellation		4.875% AST Group plc Unsecured Bonds 2028	216,000	21-May-19

Prospects MTF Trading Report January - June 2019

Prospects MTF continued to gain in popularity with the local SMEs and during the first six months of the year saw a total of eight new admissions from issuers operating in different sectors of the economy. Testa Finance plc was the first to join the list of Prospects MTF issuers this year with the admission of a €3.9 million bond. It was followed by Borgo Lifestyle which issued a €5 million secured callable bond. Horizon Finance plc came up with the issue of a €2 million callable bond while The Convenience Shop Holdings plc and FES Finance plc issued a €5 million unsecured and €5 million secured bond respectively. Next came Calamatta Cuschieri with an unsecured €4 million bond issue. The last two issuers for the quarter were Smartcare plc with a €5 million secured bond issue and Busy Bee Finance plc with a €5 million unsecured bond issue.

During the period AST Group plc cancelled the amount of €216,000 nominal bonds thus reducing the amount of outstanding bonds to €1,784,000.

Prospects Market Report

During the first half of 2019 turnover amounted to €1,564,446 this was 92% higher than the turnover recorded for the previous six months which totalled €812,706 and 296% higher than the corresponding 2018 figures which stood at €395,513. The same trend was registered in the average daily turnover where an increase of 96% was registered over the previous six months and an increase of 289% was registered on the corresponding period in the previous year.

Positive changes were also registered in the number of deals executed which increased by 104% to 285 deals from 140 deals during the period July-December 2018 and by 325% from 67 deals registered during the same period in 2018.

The volume traded in corporate bonds followed the same pattern. An increase of 92% was registered from the previous six months figures which went up from €801,100 to €1,541,000 and an increase of 293% was registered from the corresponding period in 2018 when the volume traded amounted to €392,000.

The Market Capitalisation during the period registered an increase of 65% when compared to the previous six months from €53,671,300 to €88,673,840. Compared to the figures for January – June 2018 the growth in the Market Capitalisation was 219% from €27,755,000 to €88,673,840.

Prospects MTF Market Review January - June 2019

	Jul - Dec 2018	Jan - Jun 2019	Jan-Jun 2018
Turnover in EURO	812,706	1,564,446	395,513
Equities	-	-	-
Bonds	812,706	1,564,446	395,513
Market Days	124	122	120
Daily Average Turnover	6,554.08	12,823.33	3,295.95
No. of Deals	140	285	67
Equities	-	-	-
Bonds	140	285	67
Volume	801,100	1,541,000	392,000
Equities	-	-	-
Bonds	801,100	1,541,000	392,000
Market Capitalisation as at period end	53,671,300	88,673,840	27,755,000
Equities	1,946,000	1,946,000	1,946,000
Bonds	51,725,300	86,727,840	25,809,000

Regulated Main Market (RMM) and Institutional Financial Securities Market (IFSM) Listings, Redemptions and Buy Backs.

Action	Financial Instrument Type	Description	Unit	Date
Equity				
New Issues		BMIT Technologies plc Ordinary Shares	203,595,310	15-Feb-19
Share Option Scheme		FIMBank Plc Ordinary Shares	150,505	07-Mar-19
Bonus		Bank Of Valletta Plc Ordinary Shares	53,077,206	11-Jun-19
Bonus		RS2 SOFTWARE PLC ORD SHARES	21,440,950	19-Jun-19
Corporate Bonds				
Buy-back		5.5% Mediterranean Investments Holding plc Unsecured Bonds 2020	964,500	01-Mar-19
		5.5% Mediterranean Investments Holding plc Unsecured Bonds 2020	39,800	29-May-19
		5.5% Mediterranean Investments Holding plc Unsecured Bonds 2020	37,900	20-Jun-19
New Issue		4% International Hotel Investments plc Unsecured Bonds 2026	20,000,000	28-Mar-19
		4.5% Endo Finance plc Unsecured Bonds 2029	13,500,000	29-Mar-19
		3.75% Mercury Projects Finance plc Secured Bonds 2027	11,500,000	29-Mar-19
		4.25% Mercury Projects Finance plc Secured Bonds 2031	11,000,000	29-Mar-19
		3.65% Gap Group plc Secured Bonds 2022	40,000,000	15-Apr-19
		4% SP Finance plc Secured Bonds 2029	12,000,000	03-May-19
		3.75% TUM Finance plc Secured Bonds 2029	20,000,000	28-Jun-19
Roll over		4.25% Gap Group plc Secured Bonds 2023	20,069,000	10-Apr-19
Redemption		4.25% Bank of Valletta plc Eur Notes 2019 Series 2 Tranche 1	40,000,000	17-May-19
MGS				
New Issue		1.85% Malta Government Stock 2029 (III) FI March 2019	13,000,000	04-Mar-19
		1.4% Malta Government Stock 2024 (III) FI March 2019	67,000,000	04-Mar-19
Merge		1.85% Malta Government Stock 2029 (III) FI March 2019	29,000,000	30-May-19
Redemption		7% Malta Government Stock 2019 (II)	13,670,000	01-Jul-19
		Floating Rate 6 Month Euribor Malta Government Stock 2019 (IV)	40,750,000	25-Mar-19
IFSM				
New Issue		4.5% G2G plc Asset (Gold) Backed Notes Tranche 2019/1	3,000,000	17-May-19

Regulated Main Market Trading Report January – June 2019

Aggregate turnover figures for the period under review stood at €236,833,970 which was 13% higher than the preceding 6 month period and 29% higher than the corresponding 2018 period.

Equity turnover registered a 15% increase from €44,306,872 to €50,675,013 while corporate bond turnover registered a decrease of 5% over the same period from €52,688,414 to €49,834,825. Compared to the January- June figures for 2018 equity turnover increased 21% from €41,995,627 to €50,675,013 and corporate bond turnover increased by 22% from €40,969,810 to €49,834,825.

Increases in turnover were also registered in Government Stocks. Turnover figures stood at €136,324,133 as at end June 2019. This was 22% higher than the turnover registered during the previous six-month period where it stood at €111,695,494 and 35% higher than the corresponding 2018 period where it stood at €101,009,878.

The above increases were reflected in the average daily turnover which went up by 15% to €1,941,262 for the period ending 30 June 2019 from €1,682,990 for the period ending December 2018 and by 27% when compared to the 2018 figures.

The figures for the number of deals executed also show increases from the previous period and the comparable period in 2018. In total the number of deals increased to 13,774 or almost 5% when compared to the July – December 2018 figures which amounted to 13,138 deals and, 5% when compared to the 2018 January – June figures which totalled 13,084.

The highest number of deals during the period under review was 5,721. These deals were executed in equity securities and were 15% higher when compared to the previous six months and 5% higher than the deals registered during the corresponding 2018 period. Corporate bonds on the other hand followed with a decrease of almost 5% when compared to the previous period but were 9% higher when compared to the 2018 figures. Deals in Government Stocks registered a slight increase of 2% and almost 1% when compared to the previous six months and the January – June 2018 figures respectively.

In terms of volume traded, the equity market registered the highest increase of 25%, from 32,407,239 shares that exchanged hands during the previous 6 months to 40,551,101 shares, which is also 32% higher when compared to the same period last year. This is followed by Government Stocks where volume traded amounted to €113,632,930, an increase of 15% from the previous period and 32% higher than that registered during the corresponding 2018 period. On the other hand volume traded in Corporate Bonds decreased from €51,154,900 to €48,180,900 or by 6% from the previous period and is 21% higher than the comparative period in 2018.

Market capitalisation as at end of June 2019 stood at €12,854,864,094. This is 6% higher when compared to the previous six months figures which stood at €12,107,300,766 and almost 6% higher than the €12,164,852,901 registered as at end June 2018.

The MSE Equity Total Return Share Index closed June at 9781.69, an increase of almost 9% when compared to the end of December 2018 index which stood 8,999.03 and up by 13% from end of June 2018 where it stood at 8,637.13.

Regulated Main Market Review January - June 2019

	Jul - Dec 2018	Jan - Jun 2019	Jan-Jun 2018
Turnover in EURO	208,690,780	236,833,970	183,975,315
Equities	44,306,872	50,675,013	41,995,627
Corporate Bonds	52,688,414	49,834,825	40,969,810
Malta Government Stocks	111,695,494	136,324,133	101,009,878
Treasury Bills	-	-	-
Market Days	124	122	120
Daily Average Turnover	1,682,990	1,941,262	1,533,128
No. of Deals	13,138	13,774	13,084
Equities	4,965	5,721	5,436
Corporate Bonds	4,705	4,504	4,122
Malta Government Stocks	3,468	3,549	3,526
Treasury Bills	-	-	-
Volume	181,976,033	202,364,931	156,869,140
Equities	32,407,239	40,551,101	30,768,750
Corporate Bonds	51,154,900	48,180,900	39,759,300
Malta Government Stocks	98,413,894	113,632,930	86,341,090
Treasury Bills	-	-	-
Market Capitalisation as at period end	12,107,300,766	12,854,864,094	12,164,852,901
Equities	4,412,718,423	4,813,381,669	4,261,143,145
Corporate Bonds	1,679,416,972	1,692,184,448	1,658,014,207
Malta Government Stocks	5,724,802,283	6,016,114,382	5,882,530,737
Treasury Bills	290,363,088	333,183,595	335,409,812
MSE Equity Total Return Share Index as at period end	8,999.034	9,781.690	8,637.132

Malta Stock Exchange Share and Bond Indices Performance

	31-Dec-18	30-Jun-19	% change
MSE Equity Total Return Index	8,999.034	9,781.690	8.7%
MSE Price Index	4,514.366	4,812.241	6.6%
MSE Corporate Bonds Total Return Index	1,066.102	1,079.125	1.2%
MSE Government Stocks Total Return Index	1,012.859	1,086.811	7.3%
MSE Balanced Bond Total Return Index	1,025.113	1,085.080	5.8%

The MSE Institute

The MSE Institute started the year with an impressive array of courses that covered diverse areas from the Introduction to Financial Markets to courses on compliance, anti-money laundering and crypto assets. In all, the Institute organised 45 courses between January and June of 2019 which were attended by over 600 students. 12 of these courses were newly designed courses that were created to ensure that the Institute continues to address the needs of investors and practitioners who are interested in attending short courses to further develop their level of financial literacy or training requirements in connection with their profession. Many of the courses attract CPE credits making them even more attractive to members of the accounting profession.

The feedback received from attendees continues to be very positive, with over 90% rating the expertise and standard of delivery of the lecturer to be excellent and an average of 86% would be highly likely to recommend the course to others.

Whilst the Institute will continue to develop and offer relevant, affordable short courses, we will also be creating specialised and accredited awards that will be aimed at addressing the needs of particular professionals and practitioners.

A full list of the courses that will be run from now to December 2019 is available on the MSE website.

September

Course number	Title	Dates	start time
306	Financial Markets Compliance and Regulation	23, 24, 25, 26 September	17.00
308	Anti-Money Laundering	24 September	9.00
115	Legal Aspects of Smart Contracts, IT Arrangements and Decentralised Autonomous Organisations	30 September	14.00

October

301	VAT in the Financial Services Industry	1, 2 October	9.00
321	Securitisation - Principles, Markets and Terms	2, 3, 4 Oct	9.00
413	Trading Foreign Exchange, Futures and Options	7, 8, 10, 11, 14, 15 Oct	17.00
100	An Introduction to Financial Markets	7, 8, 9, 10, 11, 14 Oct	17.00
213	Benefits of Being a US Qualified Intermediary	07 October	9.00
307	Compliance Monitoring and Reporting	08 October	9.00
214	A Practical Approach to Anti-Money Laundering	9, 10 Oct	9.00
222	Information Security Governance and Information Systems Internal Auditing	14 October	9.00
210	Ethics in Business	15, 16 Oct.	14.00
316	An Introduction to Structured Products	16, 17, 18 Oct	17.00

October *(continued)*

Course number	Title	Dates	start time
206	The Role and Duties of the Company Secretary	17 Oct.	9.00
101	An Introduction to ETFs and Funds	21, 22, 23 Oct.	17.00
106	How to Value Your Company	21, 22 Oct.	9.00
223	An Introduction to Cyber Assessments, Cyber Security and Social Engineering	23 October	9.00
317	An Introduction to Derivatives and Asset Backed Securities	24, 25, 28 Oct	17.00
207	Cyber Security and Fraud – an in depth assessment	28, 29, 30, 31 Oct	9.00
105	Principles of Good Customer Care	29, 30 Oct.	17.00
117	An Introduction to Asset Classes	31 October	17.00
November			
320	The Role of the Board	4, 5, 6 November	
211	Portfolio Risk Management	4, 5, 6, 7 November	17.00
112	An Introduction to Distributed Ledger Technology Investor Education conference	05 November 06 November	14.00 9.00
219	AML/CFT - Spotting the Red Flags	6, 8 November	14.00
224	Incident Management & Response and Disaster Recovery	7 - 8 November	09:00 - 13:00
100	An Introduction to Financial Markets	11, 12, 13, 14, 15, 18 Nov	17.00
212	Due Diligence in Practice	11, 12, November	9.00
216	The Process and Considerations of Setting-up and Launching a Fund in Malta	11, 12, 13 November	14.00
103	Fundamentals of Company Law	18, 20, 21 Nov	9.00
412	Fundamentals of Financial Markets Risk Management	20, 21, 22, 25, 26, 27, 28, 29 Nov	17.00
308	Anti-Money Laundering	26 November	9.00
118	Effective Business Writing	20 November	13.30
218	Company Services Providers - a Practitioner's Overview	27, 29 November	14.00



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