



MALTA STOCK EXCHANGE PROSPECTS

PROSPECTS MTF NOTICE 17/2019

We would like to draw the attention of all Corporate Advisors to the revised Prospects MTF Rules (“the Rules”). These new and revised Rules, which have been approved by the MFSA and which will be effective as from June 2019, are being attached to this Notice.

1. Prospects MTF Rule 2.01.01.02(b)(i) that relates to the **Pre-Application Assessment for the admission of Debt Securities** will no longer require the collateral provided by Issuers and/or Guarantors to cover interest payments. Therefore, the Rule which read:

“Debt Securities shall either:

(i) be fully secured and backed by tangible assets provided by the Applicant or Guarantor as collateral in respect of the full amount of the principal and interest payments of the debt issue;”

now reads

“Debt Securities shall either:

(i) be fully secured and backed by tangible assets provided by the Applicant or Guarantor as collateral in respect of the full amount of the principal of the debt issue;”

2. Prospects MTF Rule 4.01.01.01(d.1) that relates to the **General Requirements** of the **Audit Committee** under the Admission and Continuous Eligibility Requirements which read:

“establish and maintain an Audit Committee composed entirely of Directors and having at least three (3) members, one of whom shall be appointed as chairman. The majority of such members, including the Chairman of the Audit Committee, shall be non-executive Directors. The terms of reference for the Audit Committee shall include the exclusive power of vetting all Related Party Transactions in advance, and that its decisions on such vetting shall be final and conclusive. Such terms of reference shall be reviewed by the Corporate Advisor and submitted to the Exchange for review. Where for any reason the appointment of a member of the Audit Committee is being terminated, the Company and/or the outgoing Audit Committee member shall:”

now reads

“establish and maintain an Audit Committee having at least three (3) members, one of whom shall be appointed as chairman. The majority of audit committee members, including the

chairman, shall be non-executive directors independent of the Issuer, its substantial shareholders and Guarantor in debt issues, as applicable.

The terms of reference for the Audit Committee shall include the exclusive power of vetting all Related Party Transactions in advance, and that its decisions on such vetting shall be final and conclusive. Such terms of reference shall at admission be reviewed by the Corporate Advisor and the Exchange. Any changes to the terms of reference of the Audit Committee shall be subject to clearance by both the Corporate Advisor and the Exchange on a continuing basis after admission. In the case of debt issues backed up by a Guarantor, the terms of reference of the Audit Committee shall extend to the business of both the Issuer and the Guarantor. Where for any reason the appointment of a member of the Audit Committee is being terminated, the Company and/or the outgoing Audit Committee member shall:”

3. The definition of the term “**Auditor**” under Prospects MTF Rule 1.01.02 which read:

“In the case of an Issuer registered in Malta, a person holding a practising certificate to practise in the field of auditing or an audit firm as defined by the Accountancy Profession Act.

Where the Issuer is registered or incorporated in any State other than Malta, a person in possession of an equivalent authorisation to practise as an auditor or as an audit firm.”

now reads

“In the case of an Issuer registered in Malta, a person holding a practising certificate to practise in the field of auditing or an audit firm as defined by the Accountancy Profession Act and having experience in auditing listed and/ or regulated entities.

Where the Issuer is registered or incorporated in any State other than Malta, a person in possession of an equivalent authorisation to practise as an auditor or as an audit firm and having experience in auditing listed and / or regulated entities.

Regulated entity in this context means an entity which is licensed and regulated by the Malta Financial Services Authority, or any other equivalent financial services Competent Authority in a Recognised Jurisdiction.”

4. Appendix 4.1, Item No.4 of **Table 1 – Documentation required for Admission**, which read:

“Audited Accounts, audited under the International Standards on Auditing.”

now reads

“Audited Accounts, audited under the International Standards on Auditing, which must be audited by an “Auditor” as defined in Rule 1.01.02.”

5. A new Rule under **Continuing Obligations of a Corporate Advisor** has been introduced. In this regard under General Obligations, the current Rule 3.02.01.02 will be renumbered to 3.02.01.03 and the new Rule 3.02.01.02 will read:

“without prejudice to the foregoing, submit in advance draft written proposals for any changes directly or indirectly affecting the minimum admission requirements or client related obligations respectively laid out in Rules 3.01.09 and 3.02.02, requesting the prior approval of the Exchange for such proposed changes before such changes are adopted or take any effect.”

6. Under Rule 4.11.12, Table 1 – Financial Information will be amended as follows:

Table No.	Current Prospects MTF Rule	Revised Prospects MTF Rule
1	<p>Report: Annual Report and approved financial statements including Auditor's report in any format approved by the Exchange.</p> <p>Frequency: Every accounting reference date</p> <p>Timeliness: As soon as approved at the General Meeting, which shall be held not later than three (3) months after the accounting reference date.</p>	<p>Report: Annual Report and approved financial statements including Auditor's report in any format approved by the Exchange.</p> <p>Frequency: Every accounting reference date</p> <p>Timeliness: As soon as approved at the General Meeting, which shall be held not later than four (4) months after the accounting reference date.</p>

7. Additionally, under Rule 4.11.13 the following item numbers in Table 2 – Other Inside Information will be updated as follows:

Table No.	Current Prospects MTF Rule	Revised Prospects MTF Rule
Table Footer	<p>Key: Y = Yes N = No M = Maybe if the event falls within another category in in this Chapter E = Equity securities B = Fixed income securities</p>	<p>Key: Y = Yes N/A = Not Applicable N = No M = Maybe if the event falls within another category in this Chapter E = Equity securities B = Fixed income securities</p>
5	<p>Event: Notice of Meetings Frequency: For Each Meeting Timeliness: In accordance with statutory requirements E(Equity Securities): Y (Yes) B(Fixed income Securities): Y (Yes)</p>	<p>Event: Notice of Meetings Frequency: (a) For each Board of Directors Meeting in which any inside information is proposed to be considered, or adjournments thereof, giving a summary description of such inside information; (b) For each Annual or Extraordinary General Meeting, or adjournments thereof, giving a summary description of matters to be considered therein Timeliness: Immediately upon determination of date of meeting E(Equity Securities): Y (Yes) B(Fixed income Securities): Y (Yes)</p>
6	<p>Event: Results of Meetings Frequency: For Each Meeting Timeliness: Immediately after the General Meeting E(Equity Securities): N (No) B(Fixed income Securities): N (No)</p>	<p>Event: Results of Meetings Frequency: For each Meeting mentioned in item 5 above Timeliness: Immediately upon each Meeting close or the adjournment thereof E(Equity Securities): Y (Yes) B(Fixed income Securities): Y (Yes)</p>

7	<p>Event: Change in Prospects MTF Company Executive, Non-Executives, Senior Management and Corporate Advisors or Auditors</p> <p>Frequency: For each change</p> <p>Timeliness: Immediately such changes have been legally effected</p> <p>E(Equity Securities): N</p> <p>B(Fixed income Securities): N</p>	<p>Event: Upon appointment of a Prospects MTF Company Executive and Senior Management officials, the full name, function/s, qualifications and Curriculum Vitae is to be issued by way of a Company Announcement.</p> <p>Frequency: For each change</p> <p>Timeliness: Immediately</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): Y (Yes)</p>
8	<i>New Rule</i>	<p>Event: Change in Prospects MTF Company Corporate Advisors or Auditors</p> <p>Frequency: For each change</p> <p>Timeliness: Immediately</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): Y (Yes)</p>
9	<i>New Rule</i>	<p>Event: Upon appointment of a Prospects MTF Company Director, a Company announcement is to be made and shall contain the following details or declarations where applicable:</p> <ul style="list-style-type: none"> - the full name; - qualifications and Curriculum Vitae; - Directorships held by such Director in the previous (5) years, indicating whether or not the individual is still a Director; - details indicating the nature of any specific function or responsibility of the position and whether the position is executive or non-executive; - details of any insolvencies or administrations of any company where the director was a director; - details of any unspent convictions (other than minor road traffic offences), any disqualifications or criticisms by regulatory authorities. <p>Frequency: For each change</p> <p>Timeliness: Immediately</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): Y (Yes)</p>
12 (Now renumbered to 14)	<p>Event: Details of any changes to the lock-in arrangements under the relevant section of these Rules</p> <p>Frequency: Each time a change is made to Substantial Shareholders' holdings</p> <p>Timeliness: Immediately upon effect of the securities transfer.</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): M (Maybe if the event falls within another category in this Chapter)</p>	<p>Event: Details of any changes to the lock-in arrangements under the relevant section of these Rules</p> <p>Frequency: Each time a change is made to Substantial Shareholders' holdings</p> <p>Timeliness: Immediately upon effect of the securities transfer.</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): N/A (Not Applicable)</p>

13 (Now renumbered to 15)	<p>Event: Details of Directors contracts and remuneration packages and subsequent changes thereto</p> <p>Frequency: Each time a change is made</p> <p>Timeliness: Immediately on approval</p> <p>E(Equity Securities): N (No)</p> <p>B(Fixed income Securities): N (No)</p>	<p>Event: Details of Directors contracts and remuneration packages and subsequent changes thereto</p> <p>Frequency: Each time a change is made</p> <p>Timeliness: Immediately on approval</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): Y (Yes)</p>
16 (Now renumbered to 18)	<p>Event: Where mergers, disposal and acquisition activity or rumours thereof including:</p> <ul style="list-style-type: none"> • when the Board of Directors of a Prospects MTF Company is advised or otherwise becomes aware that a purchaser is being sought for a Substantial Shareholding in the Prospects MTF Company; • when the Prospects MTF Company is the subject of rumour and speculation; • when the Board of Directors of the Prospects MTF Company is advised or otherwise becomes aware of a firm intention to acquire or dispose of a Substantial Shareholding in the Issuer; • when the Board of Directors of the Issuer is advised or otherwise becomes aware that an offer has been made to acquire or dispose of a Substantial Shareholding in the Issuer; and / or • a statement that there is no information to report where any rumours are ill-founded. <p>Frequency:</p> <p>Timeliness:</p> <p>E(Equity Securities):</p> <p>B(Fixed income Securities):</p>	<p>Event: Where mergers, disposal and acquisition activity or rumours thereof including:</p> <ul style="list-style-type: none"> • when the Board of Directors of a Prospects MTF Company is advised or otherwise becomes aware that a purchaser is being sought for a Substantial Shareholding in the Prospects MTF Company; • when the Prospects MTF Company is the subject of rumour and speculation; • when the Board of Directors of the Prospects MTF Company is advised or otherwise becomes aware of a firm intention to acquire or dispose of a Substantial Shareholding in the Issuer; • when the Board of Directors of the Issuer is advised or otherwise becomes aware that an offer has been made to acquire or dispose of a Substantial Shareholding in the Issuer; and / or • a statement that there is no information to report where any rumours are ill-founded. <p>Frequency: Upon such occurrence</p> <p>Timeliness: Immediately</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): Y (Yes)</p>
18 (Now renumbered to 20)	<p>Event: In the case of Admitted Equity Securities to Prospects MTF, the registered details of holders thereof, whose percentage holdings whether held directly and/or indirectly, reaches, exceeds or falls below the threshold of 5%, 10%, 15%, 20%, 25%, 30%, 50%, 75% and 90% of the voting rights attached to any such securities.</p> <p>Such thresholds shall be calculated on a fully diluted basis, i.e. taking the aggregate position of all the said securities and any underlying securities to which they relate.</p> <p>Frequency:</p> <p>Timeliness:</p> <p>E(Equity Securities):</p> <p>B(Fixed income Securities):</p>	<p>Event: In the case of Admitted Equity Securities to Prospects MTF, the registered details of holders thereof, whose percentage holdings whether held directly and/or indirectly, reaches, exceeds or falls below the threshold of 5%, 10%, 15%, 20%, 25%, 30%, 50%, 75% and 90% of the voting rights attached to any such securities.</p> <p>Such thresholds shall be calculated on a fully diluted basis, i.e. taking the aggregate position of all the said securities and any underlying securities to which they relate.</p> <p>Frequency: Upon such occurrence</p> <p>Timeliness: Immediately</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): N/A (Not Applicable)</p>

19 (Now renumbered to 21)	<p>Event: In the case of debt securities, a trust deed relating to the said debt securities has been completed and executed and a copy has been lodged with the Exchange and that particulars thereof, if so required by law, have been delivered to the Registrar of Companies</p> <p>Frequency:</p> <p>Timeliness:</p> <p>E(Equity Securities):</p> <p>B(Fixed income Securities):</p>	<p>Event: In the case of debt securities, a trust deed relating to the said debt securities has been completed and executed or amended and a copy has been lodged with the Exchange and that particulars thereof, are announced to the market</p> <p>Frequency: Upon such completion</p> <p>Timeliness: Immediately</p> <p>E(Equity Securities): N/A (Not Applicable)</p> <p>B(Fixed income Securities): Y (Yes)</p>
22 (Now renumbered to 24)	<p>Event: Material Litigations</p> <p>Frequency: In accordance with International Accounting Standards (IAS 37)</p> <p>Timeliness: Immediately if required under IAS 37</p> <p>E(Equity Securities): N (No)</p> <p>B(Fixed income Securities): N (No)</p>	<p>Event: Material Litigations</p> <p>Frequency: In accordance with International Financial Reporting Standards ('IFRSs')</p> <p>Timeliness: Immediately if required under IFRSs</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): Y (Yes)</p>
23 (Now renumbered to 25)	<p>Event: Key administrative changes:</p> <ul style="list-style-type: none"> • the registered address; • markets where the Company's securities are admitted to trading; • principal relevant operational locations; • website address. <p>Frequency: When effected</p> <p>Timeliness: Immediately</p> <p>E(Equity Securities): N (No)</p> <p>B(Fixed income Securities): N (No)</p>	<p>Event: Key administrative changes:</p> <ul style="list-style-type: none"> • the registered address; • markets where the Company's securities are admitted to trading; • principal relevant operational locations; • website address. <p>Frequency: When effected</p> <p>Timeliness: Immediately</p> <p>E(Equity Securities): Y (Yes)</p> <p>B(Fixed income Securities): Y (Yes)</p>

Any clarifications required in relation to these Rules are to be forwarded to the Prospects Office by email on prospects@borzamalta.com.mt.

Kindly be guided accordingly.

12th June 2019