



## MALTA STOCK EXCHANGE PROSPECTS

### **PROSPECTS MTF NOTICE 31/2019**

We would like to draw the attention of all Corporate Advisors to the revised Prospects MTF Rule 2.01.01.02. This revised Rule, which has been approved by the MFSA and which will be effective immediately, introduces a new paragraph (highlighted in bold) and will read as follows:

#### 2.01.01.02 *Debt Securities*

##### (a) Total Value Amount of Securities

The Application for Admission of Debt Securities to Prospects MTF shall not exceed the nominal value of eight million euro (€8,000,000) when calculated over a period of twelve months.

#### ***Pre-Application Assessment***

##### (b) Security and Collateral

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; or
- (ii) if not secured or only partially secured by assets provided as collateral in accordance with (i) above, a guarantee has to be provided by a Guarantor, which shall demonstrate financial soundness, in accordance with sub-paragraph (c) below. The acceptability of a mix between collateral and guarantee remains at the discretion of the Exchange;

Notwithstanding the foregoing, in such cases where the Applicant cannot provide sufficient collateral and/or guarantee, the application to admit a debt security to Prospects MTF may still be considered provided that the Issuer submits the documentation supporting the Applicant's, and/or where applicable, the Guarantor's financial soundness in accordance with sub-paragraph (c) below.

(c) Financial Soundness of the Applicant Company and/or its Guarantor as applicable.

The Applicant's and/or Guarantor's financial soundness shall be assessed on the following information:

- (i) Published audited annual financial statements (and audited consolidated financial statements of the Group if the Applicant is part of a Group) for the preceding two (2) financial years. The said audited financial statements shall be prepared on a going concern basis and must include an unqualified audit opinion from the external auditors.
- (ii) Interim financial statements, signed by the Board of Directors of the Applicant, when the application to be admitted to Prospects MTF is submitted after more than 9 months from the latest published audited financial statements' year end. The interim financial statements must be reviewed and opined upon by the Applicant's external auditors in line with International Standard on Review Engagements 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity (as may be applicable at the time of the application).

Applicants and their corporate advisors should be aware that the submission of the information laid down in (c)(i) and (ii) above will not in itself ensure the admission to Prospects MTF of the Applicant's security and the Exchange will also evaluate the financial soundness of the Applicant and/or its Guarantor as applicable. In order to assess the financial soundness of the Applicant and/or its Guarantor, the Exchange will be applying the financial metrics indicated in the Appendix 4.24 Guidelines on Financial Metrics.

**When applicable, the Exchange will also consider the impact of additional future debt issues on the financial soundness of the Issuer and/or Guarantor, and consequently on the financial metrics indicated in Appendix 4.24, without necessarily taking into consideration the forecasted results which the Issuer expects to realise with the said additional financing.**

Any clarifications required in relation to the revised Rule are to be forwarded to the Prospects Office by email on [prospects@borzamalta.com.mt](mailto:prospects@borzamalta.com.mt).

Kindly be guided accordingly.

**4<sup>th</sup> November 2019**