

# MFSA

## MALTA FINANCIAL SERVICES AUTHORITY

Listing Authority

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### Circular 01/06 to: All Company Secretaries and Stockbroking Firms

19 June 2006

#### **Amendments to Listing Rules**

Kindly note that the Listing Authority has approved the following amendments to the Listing Rules;

(i) Listing Rule 1.12.3

Following the new Listing Rules on Takeover Bids, Listing Rule 1.12.3 is being introduced as follows:

*"1.12.3 any other person subject to the Listing Rules."*

(ii) Proviso to Listing Rule 1.29

The proviso to Listing Rule 1.29 has been revised as follows to avoid the possibility of misinterpretation.

*"Notwithstanding Listing Rule 1.29, no person shall be liable for statements made in a summary which is part of a Prospectus in terms of Listing Rule 6.2, including the translation thereof, except when such statements are untrue when read together with the other parts of the Prospectus."*

(iii) Listing Rule 3.5.1

Following the introduction of the Prospectus Directive and 'Commission Regulation (EC) No 809/2004 of 29 April 2004 the implementing Directive 2003/71/EC of the European Parliament and the Council as regards information contained in prospectuses...', it was noted that there is a discrepancy between Annex IV regarding the 'Minimum Disclosure Requirements for the Debt and Derivative Securities Document (schedule)' and Listing Rule 3.5.1. In view of the apparent discrepancy regarding timing between the Listing Rule and the implementing measures, the Listing Rule has been amended to read as follows:

*"3.5 An applicant must have published or filed audited Annual Accounts which:*

*3.5.1 cover three financial years preceding the application for Admissibility to Listing and the last year of audited information may not be older than 18 months from the date of the registration document."*

## (iv) Chapter 8 - Continuing Obligations

Chapter 8 which deals with the Issuers Continuing Obligations has been revised with respect to three major areas; additional requirements of disclosure in the annual report (Listing Rule 8.11 to Listing Rule 8.13), the composition and responsibilities of the Audit Committee (Listing Rule 8.48 to Listing Rule 8.56) and Transactions with Related Parties (Listing Rule 8.57 to Listing Rule 8.70).

*Disclosure in the Annual report* – The introduction of Listing Rules 8.11-8.13 is the result of the transposition of Article 10 of Directive 2004/25/EC of the European Parliament and of the Council of the 21 April 2004 on ‘Takeover Bids’. Your attention is drawn to the Explanatory Note, especially point 9, issued by the Authority on 26 May 2006.

*Audit Committee* – Listing Rules 8.48-8.56 deals with the composition and responsibilities of the Audit Committee which were previously stated under the ‘Principles of Good Corporate Governance’. Since the Audit Committee has become an essential feature in the organisation structure of listed companies and in view that certain Listing Rules refer explicitly to the Audit Committee, it was felt that it would be helpful to establish Listing Rules stating the composition and the main responsibilities of the Audit Committee.

*Transactions with Related Parties* – Listing Rules 8.57-8.70 are being introduced with the aim to simplify and alleviate the reporting requirements when listed companies deal with related parties. The new listing rules are in line with the reporting requirements of International Accounting Standard 24 – Related Party Disclosures and therefore eliminate any conflicts with the accounting reporting framework of listed companies, making it easier for listed companies to refer to one definition of related party. Moreover, it was recognized that the mandatory requirement to establish an Audit Committee would be a means to minimize the requirement to issue Circulars and to obtain the approval of the shareholders with regards to related party transactions. These Listing Rules were discussed with the informal forum of the Company Secretaries.

## (v) Chapter 18 – Takeover Bids

An Explanatory Note detailing the reasons for the introduction of Chapter 18 – Takeover Bids was issued by the Authority on 26 May 2006 and can be viewed at <http://www.mfsa.com.mt/mfsa/pages/announcements/consultation%20papers/consultation%20papers.asp>.