

Listing Authority Circular to all Company Secretaries of Listed Entities and Investment Services Licence Holders

Subject: Conflicts of interest relating to the involvement of directors of investment firms in listed entities or applicants for admissibility to listing.

[1.0 Introduction]

The Listing Authority has noted that a number of directors of companies licensed in terms of the Investment Services Act are also acting as directors of listed entities. Although the Listing Authority appreciates the fact that these persons may bring to the board of listed companies valuable expertise and experience, the Listing Authority is concerned that these persons' independence towards their investment firms' clients and towards the listed entities may be compromised or may be perceived to be compromised.

In view of the above, the Listing Authority is introducing new Listing Rules to address this situation.

The new Listing Rules being introduced will prohibit directors, partners or employees of Investment Services Licence Holders who are also authorised to provide investment advice and/or portfolio management from acting as directors of listed entities.. Accordingly persons who are directors of Investment Services licence holder but who do not personally provide investment advice and/or portfolio management may continue to act as directors of listed companies.

[2.0 Directors of an Applicant for admissibility to listing]

A proviso is being added to existing Listing Rule 3.33 which presently reads as follows:

“An Applicant which is a Company must ensure that each of its Directors is free of conflicts between duties to the Applicant and private interests and other duties, unless the Applicant can demonstrate that arrangements are in place to avoid detriment to its interests. Where there are potential conflicts the Listing Authority must be consulted at an early stage.”

The proviso being added will read as follows:

“Provided that no person may act as a Director of an issuer of a listed security if the person concerned is already acting as a director, partner or employee and is authorised to provide investment advice and/or portfolio management in terms of Part B of the Investment Services Rules for Investment Services Providers in an entity licenced in terms of the Investments Services Act.”

[3.0 Individuals being appointed as Directors of a Listed Company]

New Listing Rules 5.102 and 5.103 under a new heading “Directors of Issuers” are being added to read as follows:

“5.102 No person may act as a Director of an issuer of a listed security if the person concerned is already acting as a director, partner or employee and is authorised to

provide investment advice and/or portfolio management in terms of Part B of the Investment Services Rules for Investment Services Providers in an entity licenced in terms of the Investments Services Act.

5.103 Without prejudice to the requirement of Listing Rule 5.102, a Director of an Issuer who is also a director of an entity licenced in terms of the Investments Services Act , shall not discuss with or provide any information relating to the securities or the affairs of:

5.103.1 the Issuer of which s/he is a director, or

5.103.2 any other Issuer of a listed security which has a close business relationship with the Issuer of which s/he is a director

to any director, partner or employee who is authorised to provide investment advice and/or portfolio management services in the same entity licenced in terms of the Investments Services Act of which the Director of an Issuer is also a director.”

[4.0 Renumbering of Listing Rules 5.102 to 5.273]

The current Listing Rules numbered Listing Rules 5.102 to 5.273 shall be renumbered as Listing Rules 5.104 to 5.275 . Any reference to these Listing Rules throughout the Listing Rules shall be amended accordingly.

[5.0 Effective Date of the New Listing Rules]

Subject to the transitional period indicated below in paragraph 6.0, the new Listing Rules described above are effective as from the date of issue of this Circular.

[6.0 Transitional Period]

The Listing Authority understands that presently there are directors, partners or employees of companies licensed in terms of the Investment Services Act who are licenced to provide investment advice and/or portfolio management services and who are also sitting on the board of directors of listed entities.

Therefore a transition period of six months from the date of issue of this Circular is being granted within which listed entities are to ensure that the composition of their board of directors is in conformity with the requirements of the new Listing Rule 5.102.

[7.0 Contacts]

Any queries regarding the revised Listing Rules are to be directed to:

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