

LISTING AUTHORITY

SECOND TIER MARKET RULES – 31st OCTOBER 2011

SECOND TIER MARKET RULES

- 1. Definitions**
- 2. Scope**
- 3. Part One – Conditions for admission to trading on the Second Tier Market**
- 4. Part Two – Application Process**
- 5. Part Three – Publication of information**
- 6. Part Four – Suspension of Trading, Cancellation of trading, Sanctions and Appeals**
- 7. Appendix 1 – Responsibilities of an Admission Agent**
- 8. Appendix 2 – Application Form**

Definitions

Term	Meaning
Admissible to Trading	Admissible to Trading in accordance with the provisions of Article 11A of the FMA and “Admissibility to Trading” and “Admissibility” shall be construed accordingly.
Admission Document	The document issued in connection with an application for authorisation for Admissibility to Trading on a Second Tier Market containing the information required by the rules issued by the Multilateral Trading Facility.
Applicant	A person applying for the admissibility of securities to trading on the Second Tier Market.
Admission Agent	A person appointed in terms of Rule 17.
Class	Securities the rights attaching to which are, or will be, identical and which form a single issue or series.
Company	As defined in Article 2(1) of the FMA.
Debt Instruments	Instruments which create or acknowledge indebtedness.
Director	Includes any person occupying the position of director of a Company by whatever name he may be called carrying out substantially the same functions in relation to the direction of the Company as those carried out by a director and in relation to an Issuer which is not a body corporate, a person with corresponding powers and duties.
Financial Markets Act or FMA	Financial Markets Act (Cap. 345 of the Laws of Malta)
Generally Accepted Accounting Principles and Practice	International accounting standards as adopted by the European Commission in terms of Article 3 of Regulation No. 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002 on the application of international accounting standards.
Group Company	In relation to any company, means any body corporate which is that Company’s subsidiary or parent Company, or a subsidiary of that Company’s parent Company, and the term “Group” shall be construed accordingly.
International Standards on Auditing	The International Standards on Auditing formulated by the International Auditing and Assurance Standards Board (IAASB) a committee of the International Federation of Accountants.
Rules	The Rules issued by the Listing Authority in accordance with the provisions of the FMA as they may be amended from time to time.

Multilateral Trading Facility	Multilateral Trading Facility within the meaning of the First Schedule of the Investments Services Act (Cap. 370 of the Laws of Malta).
Memorandum and Articles of Association	The memorandum and articles of association of a Company and/or equivalent constitutional documents of an Applicant.
Second Tier Market or STM	A market on which the Securities of Companies which satisfy the requirements of these Rules and any applicable rules issued by the Multilateral Trading Facility may be traded.
Securities	<p>Transferable securities, that is, those Classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:</p> <p>(a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;</p> <p>(b) bonds or other forms of securitised debt, including depositary receipts in respect of such securities;</p> <p>(c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.</p> <p>For the purposes of this definition, classes of instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers having a maturity of less than 12 months shall not be construed as Securities.</p>
Share	<p>a share in the share capital of a Company, and includes:</p> <p>(a) stock (except where a distinction between stock and shares is expressed or implied); and</p> <p>(b) preference shares.</p>
Substantial Shareholder	Anyone entitled to exercise or control the exercise of ten percent (10%) or more of the votes able to be cast at general meetings of an Issuer or is in a position to control the composition of a majority of the Board of Directors of an Issuer.

Scope

This document contains the Rules relating to the conditions and requirements needed to be satisfied by an applicant for the securities for Admissibility to Trading on the Second Tier Market which qualifies as a Multilateral Trading Facility within the meaning of the Investment Services Act [Cap 370] and which operates in or from Malta.

These Rules are being issued in terms of Article 11A of the Financial Markets Act (Cap 345)

Persons applying for Admissibility to Trading of Securities on the Second Tier Market should also refer to the Rules issued by the Multilateral Trading Facility relating to continuing obligations and the contents of the Admission Document.

Where an Applicant is also making an offer to the public whether in Malta and/or other EEA Member State, the Applicant should ensure that there are no legal or regulatory requirements besides these Rules and/or the rules issued by the Multilateral Trading Facility. For the avoidance of doubt, if the Admission Document is a Prospectus, the document must comply with the requirements of EC Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements

Part One – Conditions for admission to trading on the Second Tier Market

Incorporation

1. An Applicant must be:
 - 1.1 duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment; and
 - 1.2 operating in conformity with its Memorandum and Articles of Association.

Validity

2. The issue of Securities for which application for Admissibility to Trading is being sought must:
 - 2.1 be in conformity with the requirements of the law of the Applicant's place of incorporation
 - 2.2 be duly authorised according to the requirements of the Applicant's Memorandum and Articles of Association ; and
 - 2.3 have the appropriate corporate authorities sanctioning the application for Admissibility to trading

Transferability

3. The Securities for which authorisation for Admissibility to Trading is sought must be fully paid up and freely transferable.

Whole Class of Securities to be traded

4. An application for Admissibility to Trading on a Second Tier Market of any Class of Securities must:
 - 4.1 if no Securities of a particular Class are already admitted, relate to all Securities of the particular Class, issued or proposed to be issued; or
 - 4.2 if Securities of a particular Class are already admitted, relate to all further Securities of the particular Class, issued or proposed to be issued.

Issued share capital

5. The Applicant must have fully paid-up capital of at least fifty thousand euro (€50,000) or the equivalent value in any other convertible currency.

Accounts

6. An Applicant must have published or filed audited annual accounts which:
 - 6.1 cover at least twelve (12) months ended not more than six (6) months from the date of the Admission Document;

- 6.2 are consolidated where the Applicant is part of a Group;
 - 6.3 are prepared in accordance with Generally Accepted Accounting Principles and Practice or higher standards; and
 - 6.4 are independently audited in accordance with International Standards on Auditing
7. Notwithstanding the provisions of Rule 6, where an Applicant is newly incorporated or constituted, an application for Admissibility to Trading on the Second Tier Market will be considered provided that the Listing Authority is satisfied that investors have the necessary information available to arrive at an informed judgement about the Applicant particularly that the Applicant has sufficient funding to run the newly incorporated Company for minimum of 12 months.

Lock-in for new businesses

8. In the case of an Applicant applying for Admissibility to Trading of shares, has been generating revenue for less than two (2) years, the Directors and all employees must agree not to sell any interests they may have in the Applicant's securities for at least twelve months from the date of being authorised as Admissible to Trading on the Second Tier Market.

Minimum subscription

9. In the case of Debt Instruments, the minimum subscription amount should be of at least €50,000 per individual investor with subsequent minimum trading amounts of €50,000 per investor. Where a person is subscribing for securities on behalf of third parties, the minimum amount shall apply to each underlying beneficial owner.

Minimum number of Shareholders and Minimum Holding

10. In the case of an application for Admissibility to Trading of equity , the Applicant shall demonstrate to the satisfaction of the Listing Authority that:
- 10.1 there is a minimum of 50 shareholders in each Class of Shares in respect of which application for Admissibility to Trading has been made;
 - 10.2 each shareholder must hold Shares with a minimum aggregate value of at least €2,500. Where a person is subscribing for Shares on behalf of third parties, this minimum amount shall apply to each underlying beneficial owner; and
 - 10.3 the shareholdings must be sufficiently spread to allow a market to develop in the Shares.

Substantial Shareholder

11. Where an Applicant has a Substantial Shareholder, the Applicant must demonstrate, by means of the presence of independent Directors on the Board or otherwise to the satisfaction of the Listing Authority, that it is capable at all times of operating and making decisions independently of any Substantial Shareholder and all transactions and relationships in the future between the Applicant and any Substantial Shareholder must be at arms' length and on a normal commercial basis.

Admissibility to trading of Debt Securities

12. In addition to the requirements of Rule 6, a Company may not apply for the Admissibility to Trading of its Debt Instruments without having a trading record of at least two years.
13. The Listing Authority may authorise Securities as Admissible to Trading on the Second Tier Market subject to any special conditions which the Listing Authority considers appropriate in the interests of protecting investors and of which the Listing Authority has explicitly informed the Applicant.
14. In exceptional circumstances, the Listing Authority may consider an application for Admissibility to Trading on the Second Tier Market by an Applicant which does not comply with all of the entry requirements contained in these Rules, provided that the Listing Authority is satisfied that alternative conditions have been met which provide equivalent information and investor protection. The Listing Authority must be consulted in advance in such circumstances.
15. The Listing Authority may refuse an application for Admissibility to Trading on the Second Tier Market if the Applicant does not comply with any special condition which the Listing Authority considers appropriate and of which the Listing Authority has informed the Applicant.
16. Without prejudice to any of the above, the Listing Authority may refuse an application for Admissibility to Trading on the Second Tier Market if it considers that the application is not in the interest of investors generally.

Part Two – Application Process

Appointment of Admission Agent

17. An Applicant for Admissibility to Trading on the Second Tier Market shall appoint an Admission Agent to take responsibility for the admission process.
18. An Admission Agent appointed under this chapter shall be recognised by the Listing Authority as being suitable to act as Admission Agent and shall:
 - 18.1 have adequate resources to fulfill the role expected of a Admission Agent under these Rules and be capable of giving the Applicant impartial advice before agreeing to accept the role;
 - 18.2 adhere at all times to the requirements set out in the Rules.
19. The responsibilities of an Admission Agent are set out in Appendix 1 of these Rules.
20. In addition and without prejudice to the responsibilities of the Admission Agent set out in Appendix 1 of these Rules, the Admission Agent shall be responsible to the Listing Authority for assessing the appropriateness of an Applicant and for advising and guiding an Applicant on the responsibilities under these Rules.

Application for Admissibility to Trading

21. Any application for Admissibility to Trading on the Second Tier Market shall:
 - 21.1 be made in writing on the application form set out in Appendix 2 signed by all the Directors and/or authorised representatives of the Applicant and the Admission Agent

and submitted to the Listing Authority through the Multilateral Trading Facility on which the Applicant seeks to trade;

- 21.2 be accompanied by the declarations made by the Admission Agent;
- 21.3 be accompanied by a declaration from the Multilateral Trading Facility confirming that all the conditions for Admissibility to Trading required by the Multilateral Trading Facility and the Listing Authority have been complied with and including a recommendation for authorisation of the Admissibility to Trading of the Applicant's securities.

Acceptance or refusal of an Application for Admissibility to Trading

- 22. The Listing Authority shall notify the Multilateral Trading Facility, through which an application for Admissibility to Trading has been submitted, with its decision to accept or refuse an application for Admissibility to Trading:
 - 22.1 before the end of the period of ten (10) business days beginning from the date on which the application is received from the Multilateral Trading Facility; or
 - 22.2 if within that period the Listing Authority has required the Applicant to provide further information in connection with the application, before the end of the period of ten (10) business days beginning with the date on which the information is provided to the Authority by the Multilateral Trading Facility.
- 23. Authorisation to Trading of any Securities on a Second Tier Market becomes effective only when the Listing Authority issues an official notice to the Multilateral Trading Facility to that effect.

Part Three - Publication of Information

- 24. The Listing Authority may, at any time:
 - 24.1 require the Multilateral Trading Facility and/or the Applicant and/or the Admission Agent to provide to the Listing Authority information in any form and within time frames as the Listing Authority may request;
 - 24.2 require the Multilateral Trading Facility and/or the Applicant and/or the Admission Agent to publish such information in such form and within such time limits as it considers appropriate; and
 - 24.3 publish the information if the Multilateral Trading Facility and/or the Applicant and/or the Admission Agent fail to comply with rule 24.2.

Part Four – Suspension of Trading, Cancellation of trading, Sanctions and Appeals

Suspension of Trading

- 25. The Listing Authority shall suspend the trading of a security:
 - 25.1 to protect investors or where the smooth operation of the Second Tier Market otherwise is, or may be, temporarily jeopardised;
 - 25.2 where trading in particular securities is not being conducted in an orderly manner;

- 25.3 where the integrity and reputation of the market has been or may be impaired by dealings in particular securities.
26. If the Listing Authority establishes that these Rules have been infringed or has reasonable grounds for suspecting that these Rules have been infringed, it may:
- 26.1 suspend the Admission to Trading for a maximum of ten consecutive business days on a single occasion;
 - 26.2 suspend or ask the relevant Multilateral Trading Facility to suspend trading on a Second Tier Market for a maximum of ten consecutive business days on any single occasion;
 - 26.3 prohibit trading of a security on the Second Tier Market;
 - 26.4 make public the fact that a person admitted to trading is failing to comply with the Rules.
27. A person whose Securities are admitted to trading and whose trading is suspended, shall continue to comply with all applicable rules, unless the Listing Authority agrees otherwise.

Cancellation of admission to trading

28. A person whose Securities are admitted to trading and who may wish the Listing Authority to cancel the admission to trading of its Securities must notify any intended cancellation through the Multilateral Trading Facility at least twenty business days prior to the proposed cancellation date and save where the Listing Authority otherwise agrees, the cancellation shall be conditional upon the consent of not less than 75% of votes cast by shareholders at a general meeting of the Company.
29. The Listing Authority may cancel the admission to trading of securities which have been suspended from trading for a consecutive six months.
30. Cancellation of admission to trading of any Securities on a Second Tier Market becomes effective only when the Listing Authority issues an official notice to the Multilateral Trading Facility to that effect.

Disciplinary action against a person subject to these Rules

31. If the Listing Authority considers that a person subject to these Rules has contravened these Rules, it may take one or more of the following measures in relation to that person:
- 31.1 Impose an administrative penalty;
 - 31.2 Publish a statement censoring the person;
 - 31.3 Suspend trading in terms of Rule 25.

Appeal

32. Any decision of the Listing Authority in relation to these Rules may be appealed in accordance with the procedures set out in the Financial Markets Act.

Appendix 1

RESPONSIBILITIES OF THE ADMISSION AGENT

General obligations

1. Appropriateness of an Applicant

The Admission Agent is responsible to the Listing Authority and the Multilateral Trading Facility for assessing the appropriateness of an Applicant for the Second Tier Market.

2. Compliance with the rules

The Admission Agent shall be bound by and observe these Rules and any rules issued by the Multilateral Trading Facility, including any guidance notes issued by the Listing Authority and the Multilateral Trading Facility.

3. Due skill and care

The Admission Agent shall act with due skill and care at all times.

Responsibilities

4. The responsibilities of an Admission Agent are owed to the Listing Authority and the Multilateral Trading Facility. In carrying out its responsibilities, the Admission Agent shall ensure that:

- 4.1 to the best of its knowledge and belief, having made due and careful enquiry, the Applicant has satisfied the provisions of these Rules and any rules issued by the Multilateral Trading Facility including any guidance notes issued by the Listing Authority and the Multilateral Trading Facility;
- 4.2 it has advised and guided the Applicant as to its responsibilities and obligations to ensure compliance with all applicable rules;
- 4.3 all matters known to it which should be taken into account by the Listing Authority and /or the Multilateral Trading Facility in considering the particular application for Admissibility to Trading have been disclosed;
- 4.4 it discloses to the Listing Authority and /or the Multilateral Trading Facility without delay any information or explanations that the Listing Authority and/or Multilateral Trading Facility may reasonably require for the purpose of verifying any information which should be taken into account in considering an application for Admissibility to Trading;
- 4.5 it does not provide its services as an Admission Agent in relation to an Applicant from which it is not independent and shall provide a confirmation in writing of its independence to the Multilateral Trading Facility;
- 4.6 all documentation has been submitted to the Multilateral Trading Facility in a timely manner. Subsequent versions of any documents submitted to the Multilateral Trading Facility must show clearly the tracked changes and all deletions must be notified;
- 4.7 the formal application for authorisation for Admissibility to Trading as set out in Appendix 2 is filed with the Multilateral Trading Facility, together with

supporting documentation, in accordance with these Rules or rules issued by the Multilateral Trading Facility and it shall deal with the Multilateral Trading Facility on all matters arising in connection with the application;

- 4.8 it advises the Multilateral Trading Facility in writing without delay of its resignation or if its appointment is terminated giving details of any relevant facts or circumstances thereto. A copy of such notification shall also be sent to the Applicant.

Appendix 2

APPLICATION FOR AUTHORISATION FOR ADMISSIBILITY TO TRADING

This form of application for Admissibility of securities to Trading should be suitably adapted for an Issuer which is not a public limited company. Please note that Admissibility to Trading will be a pre-requisite to Admission to Trading on the Second Tier Market. This application form should be submitted to the Listing Authority through the Multilateral Trading Facility on which the Applicant seeks to trade.

To: Listing Authority
MFSA
Attard, MALTA

Date: _____ 20 __

Details of securities to be listed

_____ [insert name of applicant] (“the Applicant”) hereby applies for the securities detailed below to be Admissible to Trading subject to the Rules issued by the Listing Authority in respect of the Admissibility to Trading on the Second Tier Market.

Share capital

Authorised	Denomination	Issued and paid up (inclusive of present issue)
	in	
	in	

(Please include in brackets those shares listed under block listing procedures but not yet allotted)

Debt securities

Nominal value	Redemption date	Coupon
---------------	-----------------	--------

Please specify where the Issuer is traded

Please specify on which Market the Issuer has applied to have its securities traded
Amounts and descriptions of securities for which application is now being made (include distinctive numbers if any)

Type of issue for which application is being made

Confirmation

We acknowledge our obligations under the Rules issued by the Listing Authority in respect of Admissibility to Trading on the Second Tier Market, any other applicable rules issued by the Multilateral Trading Facility and the legal implications of Admissibility to Trading under the Financial Markets Act, Chapter 345 of the Laws of Malta. Accordingly we confirm that:

- (a) all the conditions for trading in the Rules which are required to be fulfilled prior to application have been fulfilled in relation to the Applicant and the securities for the admission of which application is now made;
- (b) all information required to be included in the Admission Document has been included therein, or, if the final version has not yet been submitted (or approved), will be included therein before it is so submitted; and
- (c) all the documents and information required to be included in the application have been or will be supplied in accordance with the applicable rules and all other requirements of the Listing Authority and the Multilateral Trading Facility in respect of the application have been or will be complied with.

We undertake to comply with the rules of the Listing Authority and the Multilateral Trading Facility as they may be applicable to the Applicant from time to time.

Signed : _____

Director or Secretary or other duly authorised Officer for and on behalf of:

Name of Applicant: _____

Name of contact at Applicant regarding the Application: _____

Telephone number: _____

We, the undersigned, confirm that we have satisfied ourselves that the Applicant has fulfilled all the criteria and procedures necessary for filing the application and has provided all the relevant documents to obtain authorisation for admissibility to trading.

Signed: _____(Admission Agent)

Name of contact at Admission Agent regarding the Application:

Admission Agent: _____

Address: _____

Telephone number: _____