

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Prevention of Financial Markets Abuse Act, 2005

Proposed Amendment to the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005 (LN 108 of 2005)

The documents circulated by the MFSA for the purpose of consultation are in draft form and consist of proposals. Accordingly these proposals are not binding and are subject to changes and revisions following representations received not only from licence-holders and other involved parties, but also following the necessary review and vetting by the Office of the Attorney General and the relevant Minister to whom the MFSA is required by law to provide advice on financial services matters. It is important that persons involved in the consultation bear these considerations in mind.

The MFSA invites comments by not later than Friday 16th May 2008 , on the proposed amendment to the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005 (LN 108 of 2005). Interested parties are to send their comments in writing addressed to the Director – Securities Unit, MFSA

1.0 Background

Article 6 of the Market Abuse Directive (Directive 2003/6/EC) requires an issuer of financial instruments to inform the public as soon as possible of inside information which directly concerns the said issuer. Implementing measures (Commission Directive 2003/124/EC) describe the manner in which such information should be made public. This requirement has been transposed in our law by means of Legal Notice 108 of 2005, the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005), hereinafter referred to as “the Regulations”.

Regulation 4 of the said Regulations establishes the means and time limits for public disclosure of inside information by any person who issues one or more financial instruments (“issuer”). In terms of this regulation, such public announcement shall take the form of a notice containing the inside information and shall be:

- (a) posted as a notice on the internet site of the company, the financial instruments of which are in question, for as long as such inside information may be relevant; **and**

- (b) be published in one or more newspaper widely distributed in Malta and if applicable in any other Member State or EEA State or States concerned.....”

2.0 Proposed Amendment

It is being proposed to amend regulation 4 (2) (b) to require the issuer to disclose inside information through the regulated market, rather than in a newspaper, as well as through a notice on the internet site of the company whose financial instruments are being issued.

Accordingly, it is being proposed that the amended regulation 4(2) of the regulations would read as follows:

“The public announcement shall take the form of a notice containing the inside information and shall be:-

- (a) posted as a notice on the internet site of the company the financial instruments of which are in question, for as long as such inside information may be relevant; and*
- (b) disseminated to the public through a regulated market in the form of a company announcement as defined by and as specified in the Listing Rules.”*

Information would still be required to be published on the issuer’s website by virtue of regulation 4(2)(a) of LN 108 of 2005 which will not be affected by the proposed amendment.

3.0 Reasons for this Amendment.

This amendment to the regulations is being proposed for the following reasons:

- (a) The Malta Stock Exchange is already used as the official disclosure mechanism for Company Announcements required in terms of the Listing Rules and is an efficient means of dissemination of information to both stockbrokers (who are in constant contact with the Exchange) as well as to the public.
- (b) The amendment will streamline the disclosure requirements under the Prevention of Financial Markets Abuse regime with that of the disclosures required by the Listing Rules.

4.0 Contacts

Should you have any queries regarding the above, please do not hesitate to contact:

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