

Trading on the Malta Stock Exchange....

Frequently Asked Questions: see the full list of questions on this link:

http://www.borzamalta.com.mt/index.php?option=com_content&view=article&id=111&Itemid=234

What is the difference between the primary market and the secondary market?

Before a financial instrument is admitted to any of the MSE's recognized lists, the financial instruments which are the subject of an admission application may be offered to the public as an Initial Public Offering [IPO]. The offer will be made in terms of the approved Prospectus which stipulates the financial instrument on offer, minimum subscription amount applicable, offer price and in the case of fixed term financial instruments, coupon rates, interest dates, redemption, dates, etc. This is known as the primary market.

Subsequent to admission, the financial instruments may be traded on the regulated market operated by the Exchange in accordance with the market rules as laid down by the MSE. This is the secondary market.

How does an investor participate in the primary market?

In order to participate in the primary market, an investor must approach one of the Selling Agents as indicated in the Prospectus in order to place an application in respect of the financial instruments on offer in accordance with the terms and conditions stated in the Prospectus.

How would an investor be notified that his application to purchase financial instruments in the primary market has been successful?

The investor will receive notification from the Central Securities Depository (CSD) [Registration Advice] that the financial instruments for which he has placed an order to purchase in the primary market has been satisfied in part or in full and that such financial instruments have been allocated to him within his account held at the CSD.

How does an investor place an order to be executed on the secondary market?

All orders from investors intended to be executed on the secondary market must be placed on the market through a Member [stockbroker] of the MSE.

A list of authorized Members of the MSE may be found on this website [Member Firms]

What is the role of the Member in this respect?

The Member is licensed to act on behalf of investors in accordance with instructions given by their clients. Members may also advise clients, should they so wish, with regard to the financial instruments available for trading, prices, etc.

What information will a Member require from an investor in order to place an order on the market on his behalf?

If a Member is dealing on behalf of an investor for the first time he will require information that will enable him to identify the investor and effect whatever due diligence processes may be required. The Member will also, if he is engaged to advise the investor, require an investment profile.

With respect to specific orders to be executed, the Member will require the names of the financial instruments/s to be traded, clear instructions with regard to price and volumes and any other relevant execution conditions as well as arrangements for cash transfers.

Investors would be required to sign a Client Agreement and Order Forms which clearly set out the relationship between an investor and the Member acting on his behalf and with clear instructions with regard to individual orders made for execution on the market.

Can investors trading on the market be identified?

Only the Member acting on his behalf and the MSE is aware of the identity of the investor who has placed an order to trade on the secondary market. Trading is anonymous and a Member is not even aware of the identity of the counterparty Member at the time of trading.

How will an investor be notified that his order has been executed on the market?

By the end of the trading day, the client will receive a Contract Note from the Member acting on his behalf giving details of the financial instrument bought/sold, price, any interest accrued, if applicable, any applicable charges, as well as the total consideration due to or from the investor in relation to a particular trade.

How and when are the relevant funds in respect of a trade settled?

It is the responsibility of the Member acting on behalf of an investor to settle funds on his behalf. The Member is obliged to settle funds on T+3, i.e. a selling client will receive relevant funds three days after trading and a buying Member is obliged to pass funds to the seller on the same day [Settlement Day].

These transfers are made through the settlement infrastructure operated by the MSE.

How and when is an investor notified of changes in his financial instrument holdings as a result of an executed trade?

On Settlement Day, the CSD will issue a notification [Registration Advice] directly to both buyers and sellers giving details of security traded, date of trade, volume traded, whether buy or sell and resultant balance.

What are the applicable charges in respect of trading?

Members charge investors a commission in respect of orders executed on their behalf. This commission must be agreed to between the Member and the investor prior to the order being placed on the market.

The MSE imposes a Transaction Fee which is a standard flat fee per trade executed. The MSE charges such fees to Members.

Is market information available on the MSE's website?

Yes, the MSE's website includes near real-time market information including market summary, trading ticker, trades effected and the MSE Index.

The MSE is a partner exchange on the Xetra platform. Does this mean that members of other partner exchanges of Xetra may trade on the MSE?

Membership on a partner exchange on Xetra does not mean automatic membership on the other partner exchanges. Each exchange has its own membership rules which must be satisfied prior to membership being granted. However, EU Members benefit from EU passport rights across the EU. Familiarity with a common trading platform also facilitates and encourages cross market membership.