L.N. 491 of 2004

FINANCIAL MARKETS ACT
(CAP. 345)

Recognised Investment Exchange (Transparency) Regulations, 2004

IN exercise of the powers conferred by article 3 of the Financial Markets Act, the Prime Minister and Minister of Finance, acting on the advice of the Malta Financial Services Authority as the competent authority for the purposes of the Act, has made the following regulations:

Title and commencement.

1. (1) The title of these regulations is the Recognised Investment Exchange (Transparency) Regulations, 2004.

(2) These regulations shall come into force on the 30th November, 2004**.**

(3) The purpose of these regulations is to implement the relevant provisions of the Council Directive 93/22/EEC of the 10th May, 1993 on investment services in the securities field as currently in force and as may be amended from time to time, and such regulations shall be interpreted and applied accordingly.

Interpretation.

2. (1) In these regulations, unless the context otherwise requires:

"the Act" means the Financial Markets Act;

"illiquid security" means a security without an active secondary market, where trading in such security is characterized by low volume or a low frequency of trades, or both;

"instrument" shall have the same meaning as that provided in article 2 of the Investment Services Act;

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"recognised investment exchange" means a person in respect of whom the competent authority has issued a recognition order in terms of article 4 of the Act;

"weighted average price" means the value of the trades in an instrument divided by the volume of trades in such instrument over a defined period.

(2) Words and expressions which are also used in the Act shall have the same meaning as in the Act.

Scope.

3. These regulations set out the minimum transparency requirements which must be satisfied on a continuing and on-going basis by recognised investment exchanges in accordance with indent (i) of sub-paragraph (3) of paragraph 5 of the Schedule to the Recognised Investment Exchange (Recognition Requirements) Regulations, 2003, and they shall be read and interpreted in conjunction with the said regulations.

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Minimum transparency requirements.

4. The following requirements shall be satisfied on a continuing and on-going basis by recognised investment exchanges:

(a) at the start of each day's trading on the market, a recognised investment exchange shall, for each instrument traded on the recognised investment exchange, publish on its internet website and at least in one local newspaper which is widely distributed in Malta:

(i) the weighted average price;

(ii) the highest and the lowest prices; and

(iii) the volume dealt in on the market,

for the whole of the preceding day's trading;

(b) where a recognised investment exchange operates a continuous order driven or quote driven market, in addition to the above, the recognised investment exchange shall also publish on its internet website:

(i) at the end of each hour's trading on the market, the weighted average price and volume dealt in on the market in question for a six hour trading period ending so as to leave two hours' trading on the market before publication; and

(ii) every twenty minutes, the weighted average price and the highest and lowest prices on the regulated market in

question for a two-hour trading period ending so as to leave one hour's trading on the market before publication:

Provided that the competent authority may authorise the delay or suspension of the publication of the information required in this regulation, where exceptional market conditions exist or where it deems it necessary in order to preserve the anonymity of firms and investors;

Provided further that in case of exceptional transactions that are very large in scale compared with average transactions in the instrument concerned and in the case of a highly illiquid security, upon a request by a recognised investment exchange, the competent authority may exempt the recognised investment exchange from all or some of the requirements in paragraphs (a) and (b) of this regulation, and may apply special provisions.

Provision of information.

5. Where a recognised investment exchange provides investors with prior access to information on the prices and quantities for which transactions may be undertaken, the recognised investment exchange shall ensure that:

(a) such information is available at all times during market trading hours; and

(b) the terms announced for a given price and quantity are the terms on which it is possible for an investor to carry out such a transaction.

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