

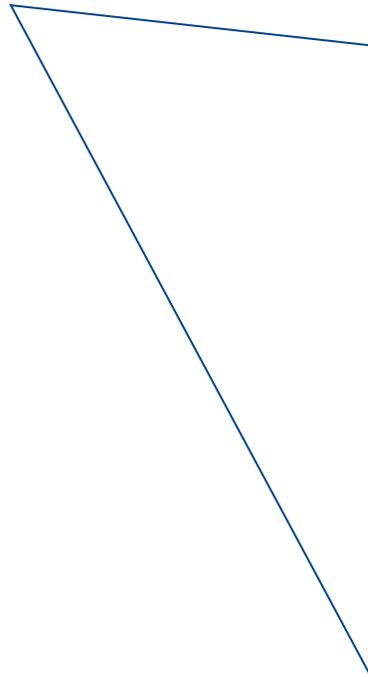


MALTA
STOCK EXCHANGE

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Annual Report





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STOCK EXCHANGE

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Annual Report

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MALTA STOCK EXCHANGE

as at 31 December 2019

Board of Directors

Chairman
Deputy Chairman
Directors

Mr Joseph Portelli
Professor Joseph Falzon
Dr Abdalla Kablan
Professor Tanya Sammut-Bonnici
Mr Steven Tedesco
Ms Marie Cordina

Company Secretary

Audit Committee

Chairman
Members

Mr Steven Tedesco
Mr Joseph Portelli
Professor Tanya Sammut-Bonnici
Ms Charmaine Baldacchino
Ms Claire Mula

Secretary

Risk Management Committee

Chairman
Members

Professor Joseph Falzon
Mr Joseph Portelli
Dr Abdalla Kablan
Mr Simon Zammit
Mr Alfred Sammut
Ms Charmaine Baldacchino
Ms Marie Cordina
Ms Claire Mula

Secretary

LETTER OF TRANSMITTAL

as at 31 December 2019

The Chairman
Malta Stock Exchange plc
Garrison Chapel
Castille Place
Valletta VLT 1063

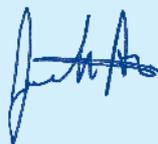
28 April 2020

The Chairman
Malta Financial Services Authority
Notabile Road
Attard BKR 3000

Dear Sir

In accordance with the Financial Market Rules Stipulating Financial Requirements and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories, I have the honour to transmit the Audited Financial Statements and a report on the activities of the Malta Stock Exchange for the year ended 31 December 2019.

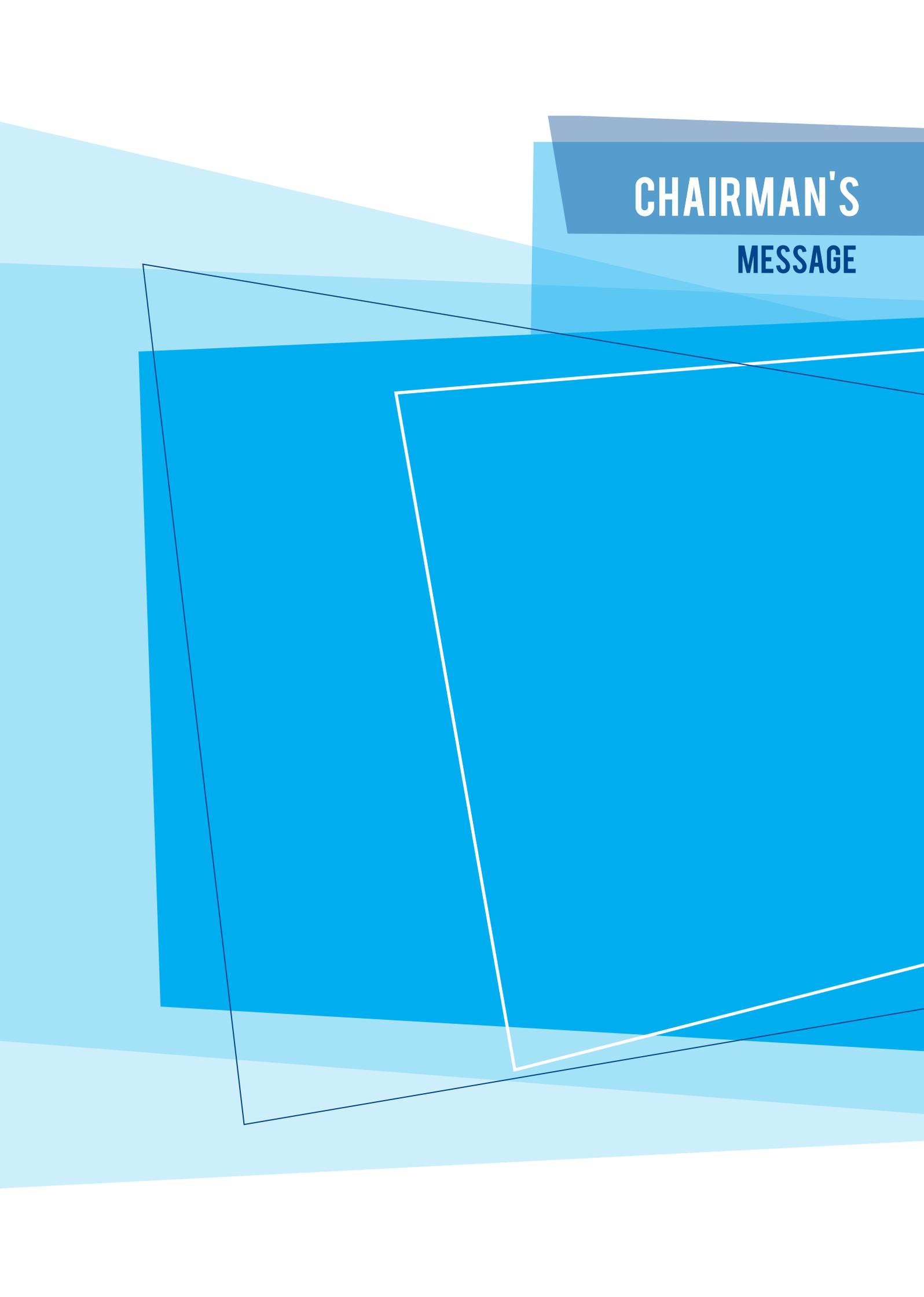
Yours faithfully



Joseph Portelli
Chairman

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CHAIRMAN'S MESSAGE

CHAIRMAN'S MESSAGE



The focus of the Malta Stock Exchange (MSE) during 2019 has been to continue working on our growth strategy and develop the three main areas that were broadly outlined in our strategic plan: growth, internationalisation and brand development. We are pleased with how we are reshaping our business model to create a diverse stream of revenue, ranging from our traditional listing and register services, to training, corporate services and technology.

The Exchange continued to register strong performance in 2019, generating profit after tax of €2,856,912, a 23.8% increase over 2018, due in part to a one-off sale of government securities held within our investment portfolio. Operating profit (€3,453,842) registered an increase of 2.06% on the back of a 3.35% increase in revenue (€7,060,281).

This very positive year was the result of a combination of higher revenues in terms of listing and register fees, and other income, despite registering our first increase in costs in four years, which was mainly salary driven.

I am pleased to report that at Group level, particularly with positive contributions from the Malta Stock Exchange Institute (MSEI), the Group registered record revenue of €7,169,889, despite the fact that our largest client, the Government of Malta, has for the third consecutive year decreased bond issuance, resulting in a 8.9% decrease in Maltese Government Stock (MGS) revenue, when compared to 2017.

New business resulted from issuance of 16 new corporate bonds, eight Government bonds, and 82 Treasury Bills, which were all admitted to the Regulated Main Market. Prospects MTF continued to grow at a relatively fast pace through the admission of 10 corporate bonds with a total face value of almost €43 million. The Institutional Financial Securities Market (IFSM) also attracted a new issue. The Exchange's capital position remains very positive, with total assets as at the end of 2019 standing at €13,319,337 (2018: €11,689,352) and capital and reserves at €10,238,451 (2018: €9,290,313).

In 2019, the Exchange placed a strong focus on areas such as compliance, risk, and cyber security. We have taken concrete steps to bolster our processes to ensure that we remain fully compliant with all regulatory requirements, as well as strengthen our defences against many cyber security threats. We have created a robust employee training programme, whereby our staff is continually being offered compliance and risk management awareness training sessions, along with prescribed training at the MSEI.

We continued to promote the Malta Stock Exchange internationally, having sponsored major events in Malta and overseas. These included large events such as the Global ABS in Barcelona and the Trade Expo in Beijing; hosted multiple events in London and New York City; and participated in events in Singapore, Mumbai, Sweden and Helsinki. Our participation in select events ensures that the MSE brand remains active and visible, conforming with our strategy to internationalise the Malta Stock Exchange.

On the new products front, we continue to seek and implement innovative, cost-effective capital raising solutions. We soon hope to finalise the regulatory changes required to allow for the listing of Real Estate Investment Trusts (REITs) and Green Bonds. The implementation of some digital asset initiatives, introduced in 2018, has slowed and a number of MoUs signed in 2018 with leading crypto currency firms have expired. Primarily due to local and global regulatory uncertainty emanating from the digital asset space, we feel it prudent to slow these projects until regulatory oversight becomes clearer and the digital asset industry develops further.

Clearly, the Exchange's Corporate Social Responsibility (CSR) remains an important part of our objectives and promoting financial literacy is a top priority. Education has become an important facet of the Exchange's operations and we continue to take concrete steps to ensure that we offer short courses to the public, as well as courses aimed at practitioners in the financial services sector. In 2019 MSEI offered 89 courses and

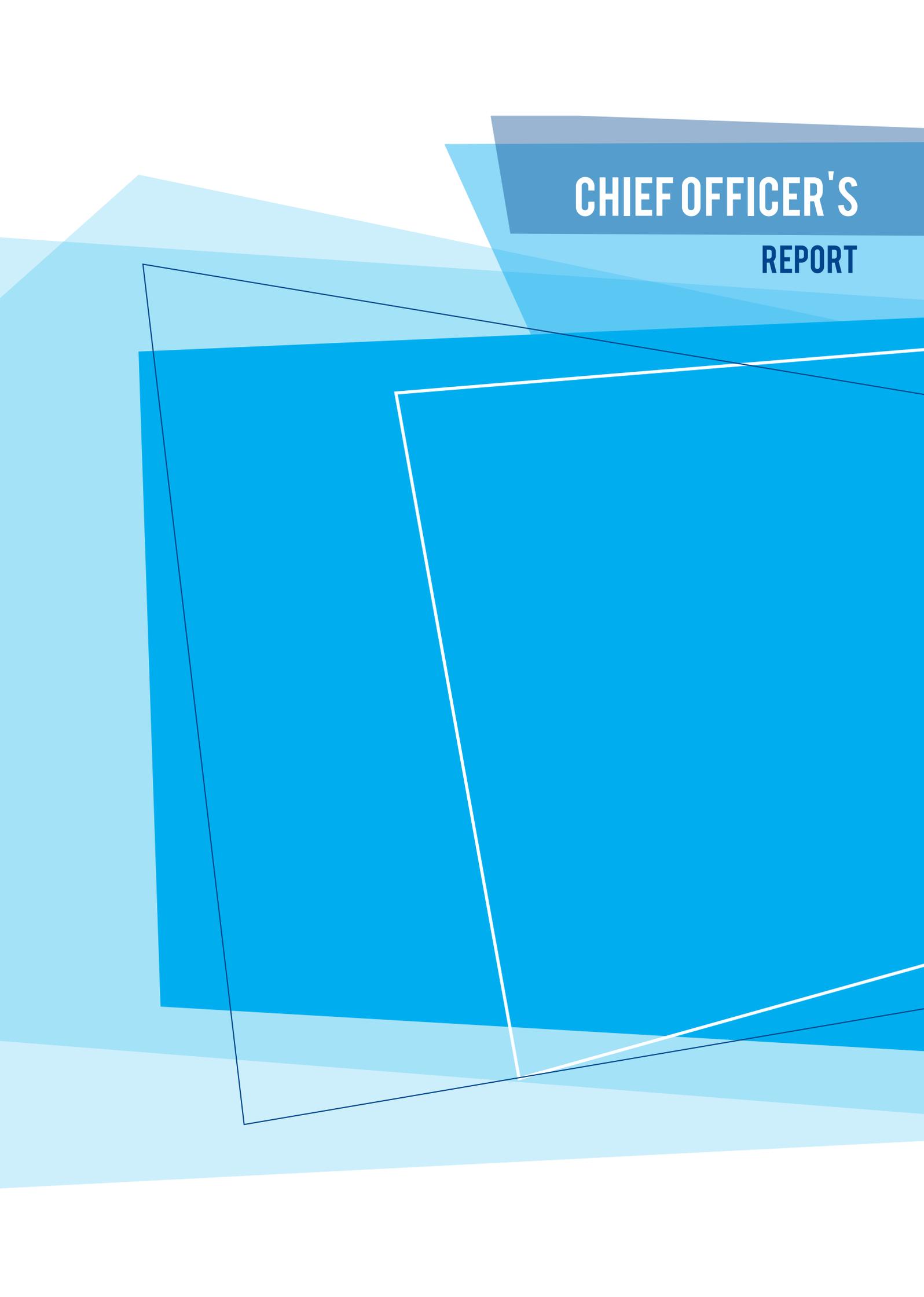
attracted 1,349 participants. During the year, we joined the rest of the world by 'Ringing the Bell for Financial Literacy', which was a global initiative aimed at raising awareness of financial literacy. We also continued to support financial education through the organisation of the 5th Annual Investor Education Conference.

Also, in 2019, we published the first issue of the 'Malta Stock Exchange Business Review', a glossy magazine, aimed at promoting the Maltese capital markets and its many stakeholders. Additionally, we organised our third Art Exhibition, with over 200 people attending the opening within the iconic and beautiful Exchange building.

The stellar 2019 results would not have been possible without the dedication and contribution of our entire Malta Stock Exchange team. I am grateful to our executives, particularly our Chief Officer, Mr Simon Zammit, our Chief Human Resources and Corporate Services Officer, Mr Alfred Sammut, and our Chief Financial Officer, Ms Charmaine Baldacchino. I would also like to highlight the contributions from my fellow Board members, and am grateful for their support and encouragement. Thank you also to the Hon. Minister for Finance, Prof. Edward Scicluna, and his team for their continued wise counsel and support.



Joseph Portelli
Chairman



CHIEF OFFICER'S REPORT

CHIEF OFFICER'S REPORT



The financial performance during 2019 was positive overall with the Malta Stock Exchange managing to post an operating profit of over €3.4 million. This was 2.1% above the operating profit registered in 2018. Total revenue was just over €7 million, which is more than a 3.3% increase on last year's results.

The achievement of these financial results was brought about by an overall increase in activity in both the primary market as well as in the secondary market, strengthening the Exchange's traditional income streams from listing fees, trading fees and income from security registrations.

Market capitalisation at the end of the year stood at just below €13 billion, an increase of 7.4% from the €12.1 billion value at the end of 2018. Market capitalisation increases were registered in all segments, with the largest increase being in the equity segment which increased by €323.1 million, followed by MGS which went up by €321.9 million. Market capitalisation of corporate bonds increased by a total of €188.9 million, and Treasury Bills registered an increase of €10 million.

The trend in yearly turnover decline that characterised the secondary market for a number of years was reversed in 2019. In fact, the total market turnover for 2019 stood at €487.6 million, an increase of nearly €95 million or 24.2%, when compared to 2018 figures. This increase was also registered in all the market segments, the highest being MGS, which increased by €89.6 million to €302.3 million, representing a 42% increase over the 2018 figures. Similarly, trading volumes in the equity segment increased by €2.9 million, which is a 3.3% increase when

compared to 2018 and the corporate bond segment increased by over 2.6%, or €2.4 million, when compared to 2018.

The primary market in 2019 proved to be more active than the previous year. Attracting new issuers from across different economic sectors is seen as key to facilitating the portfolio diversification that the Exchange has always promoted with investors. Our operations departments were kept very busy with the number of new financial instruments coming to the market.

New listings in 2019 included a major local technology company listing equity on the main market for the first time, and five already listed companies increasing their issued share capital through various corporate actions such as bonus share issues and a rights offer. These share equity issues had a combined initial market capitalisation of €220.9 million. A total of 16 corporate bonds were issued during the year, having an aggregate value of €378 million. The new capital raised through these bond issues totalled €303 million, being more than two and a half times the new capital raised from six bonds the previous year.

Throughout the year, while the Prospects MTF Rules and procedures underwent a number of changes primarily to strengthen and clarify admission criteria, the Exchange continued to attract new companies to this SME market. Eleven new securities were admitted to Prospects MTF, including one equity admission for an Issuer already having securities listed on the Regulated Main Market. This brought the number of admitted securities on Prospects MTF to 24 by the end of 2019.

As mentioned in my report for the previous year, a major upgrade in the trading system being utilised by the Exchange was underway in 2019. On 25 March 2019, following months of preparation and co-ordination with Deutsch Börse and our Members, the Malta Stock Exchange successfully upgraded its trading system technology and migrated to Deutsch Börse's T7 Trading System. With this move to T7, the MSE now participates on the same network of exchanges and participants as several other exchanges, including the Frankfurt Stock Exchange and the Vienna Stock Exchange. For the Malta Stock Exchange, this upgrade also meant that it could continue focusing on overall operational improvements that yield further cost reductions.

We are very proud that in 2019 the Malta Stock Exchange Institute was licenced by the National Commission for Further and Higher Education (NCFHE) as a Further Education Institute, thus allowing the Institute to offer accredited awards. In only its second year of full operation, the Institute has again registered a strong performance and continued to grow. During 2019 more than 1,300 participants attended MSEI courses. Attendants consistently give a very high degree of satisfaction rating to our

lecturers, facilities and organisation. The range of courses being offered has now been expanded from around 40 to over 60 different topics. Various business and financial services related subjects, tax and regulatory reporting, cyber security and corporate governance are among the many topics now being offered.

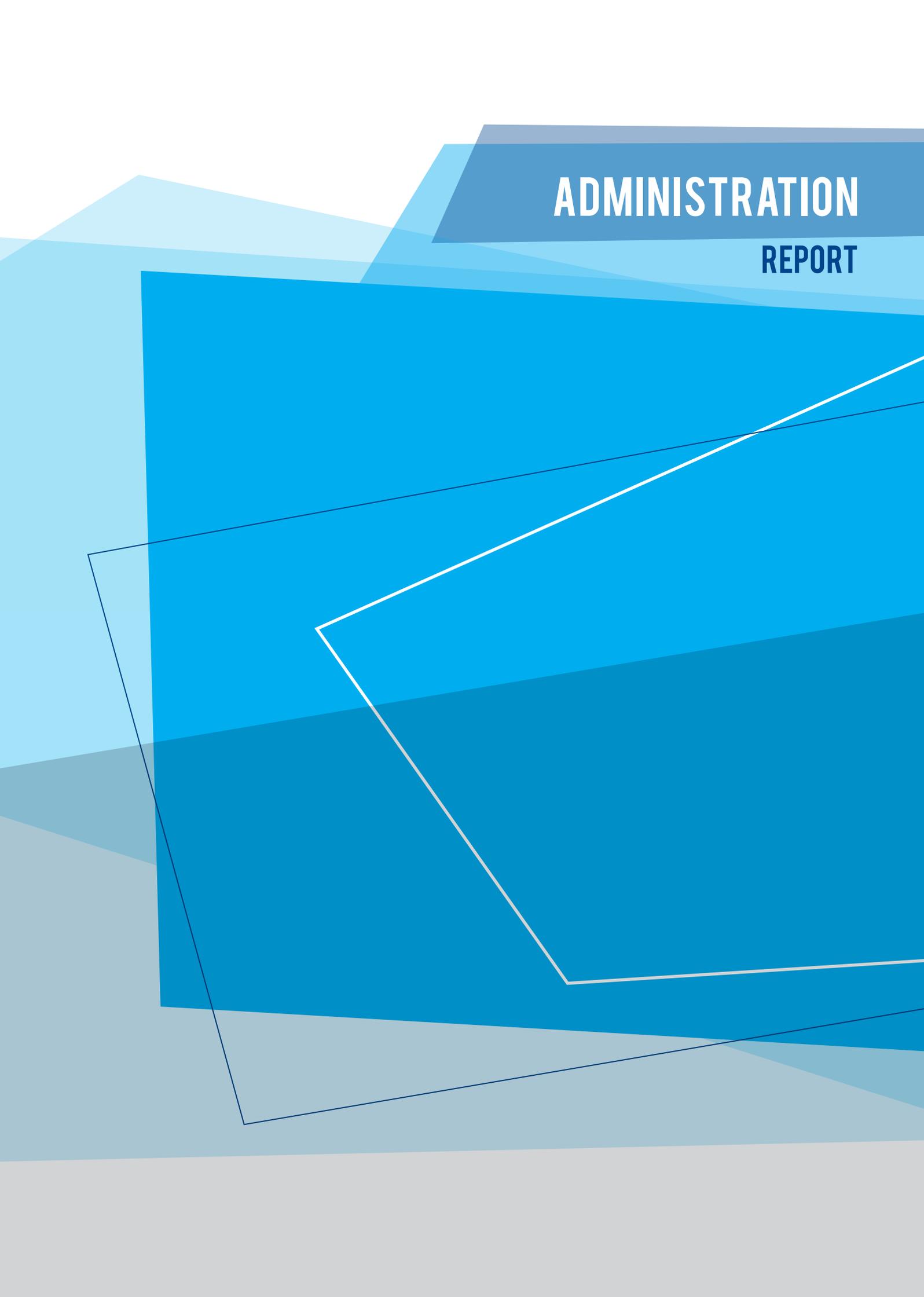
As briefly described above, 2019 has been a very busy and successful year for the Exchange and I invite you all to read further into this report for the full details. Of course, none of this would have been possible without the vision and guidance of the Chairman and Board of Directors, and without the hard work and commitment of all the management team and staff at the Exchange. Together we have once again achieved good results and, although it is difficult not to look ahead without considering the impact that the current circumstances surrounding the pandemic will have on our Exchange and on our economy in the years to come, it is my opinion that, yet again, we can register a strong performance in 2020 and continue to provide the robust and efficient service to our capital markets that is required from the Malta Stock Exchange.



Simon Zammit
Chief Officer

ADMINISTRATION

REPORT



ADMINISTRATION REPORT



Governance

The Board

The Board of the Malta Stock Exchange (MSE) was reappointed for a period of three years with effect from 22 April 2019. The Board is composed of Mr Joseph Portelli, Chairman; Professor Joseph Falzon, Deputy Chairman; Dr Abdalla Kablan, Director; Professor Tanya Sammut-Bonnici, Director; and Mr Steven Tedesco, Director. Ms Marie Cordina is the Company Secretary.

The Board of MSE (Holdings) Ltd, which has the same composition as the Board of Malta Stock Exchange plc, was also reappointed for a further period of three years.

Mr Joseph Portelli was reappointed Chairman of the Malta Stock Exchange Institute Limited, and Professor Joseph Falzon and Mr Simon Zammit were reappointed Directors. These reappointments are for a three-year period.

Mr Joseph Portelli is also Chairman of MSX plc and Professor Joseph Falzon is a Director of this company.

CSD (Malta) plc, which was put into voluntary liquidation in 2018, was wound down in 2019 and tax clearance received in 2020.

General Meetings

On 29 April, the Malta Stock Exchange convened its Annual General Meeting during which the shareholders considered

the minutes of the Annual General Meeting held on 30 July 2018; the minutes of the Extraordinary General Meeting held on 20 December 2018, the appointment of the directors, the appointment of the auditors, the Directors' Report, the Auditors' Report and the Audited Financial Statements for the year ended 31 December 2018.

An Extraordinary General Meeting was held on 10 July during which the shareholders approved an interim net dividend of €750,000.

During the Extraordinary General Meeting held on 19 December 2019, a final net dividend of €750,000 and the appointment of auditors were approved.

Board Meetings

During the year, 12 regular meetings and one ad-hoc meeting of the Board of Directors were held.

Throughout the year, the Board regularly reviewed the MSE's internal processes and policies. In particular, the Board strengthened the admission process to Prospects MTF and implemented new procedures to ensure that the ongoing obligations for admitted companies as stipulated in the Prospects MTF Rules are being adhered to.

Apart from maintaining oversight on operations, risk management, compliance and regulatory issues, the Board focused on the MSE's short-term and long-term strategies.

Health and Safety, as well as Human Resources, were discussed on an ongoing basis.

Board Committees

Throughout the year, the Board was supported by two Board Committees, the Audit Committee and the Risk Management Committee. These committees are constituted in line with Chapter 2 of the MSE's Bye-Laws. Furthermore, during the year, a Remunerations Committee was constituted.

Audit Committee

The Audit Committee, which is chaired by Mr Steven Tedesco, was convened on a quarterly basis; and an additional three ad-hoc committee meetings were held throughout the year.

Apart from the analysis of the MSE's quarterly management accounts, the committee closely monitored trade debtors and any recoverability issues, and the MSE's Investment Portfolio; and made recommendations to both the Risk Management Committee and the Board when necessary. The committee approved the Internal Audit Charter and the Internal Audit Plan; reviewed the reports submitted by the independent internal auditor and maintained oversight of the implementation of any recommendations they contained. The committee also considered the proposed changes to the MSE's processes within the finance office, the MSE's fee structure and reviewed the updated Credit Control Policy.

Risk Management Committee

The Risk Management Committee, chaired by Prof. Joseph Falzon, met on a quarterly basis.

As in the preceding years, the Risk Management and Internal Capital Adequacy Assessment Process Report (RMICAAP), the updating of the MSE's Risk Register and oversight of the implementation of the respective mitigating measures featured regularly on the Agenda of the Risk Management Committee.

In addition, the committee actively managed the MSE's Investment Portfolio and recommended updates to the Portfolio Investment Management Policy for the Board's consideration. The Committee also maintained oversight of the Incident Scenario Testing and the external IT audit.

Business Development

The Exchange continued to work to introduce Real Estate Investment Trusts (REITs) and Green Bonds. During the last quarter of the year, a consultation document was issued to the industry and a number of responses were received with comments and recommendations on how REITs can be introduced as financial instruments. Developments will continue throughout 2020 to complete the framework necessary for REITs to be traded on the MSE market.

The Exchange continued to promote itself internationally, having sponsored major events in Malta and overseas. The MSE sponsored events, including the Global ABS in Barcelona and the Trade Expo in Beijing; hosted multiple events in London and New York City; and participated in events in Singapore, Mumbai, Sweden and Helsinki.

Malta Stock Exchange Delegation to New York and China

Between 15 and 16 of April, the Exchange organised a business delegation to New York. The visit was led by the Hon. Prof. Edward Scicluna, Minister for Finance, who was accompanied



among others by MSE Chairman Joseph Portelli and MSE Chief Officer Simon Zammit. The main theme of the business visit was 'Malta: A leading Digital Asset Hub'.

The Malta Stock Exchange also formed part of a business delegation coordinated by Malta Enterprise to Beijing, China. The delegation was led by the Hon. Prof. Edward Scicluna, Minister for Finance and included representatives of the Malta Stock Exchange, Malta Enterprise, the Malta Institute of Tourism Studies, the Malta Tourism Authority and Malta Freeport. The aim of the visit was to promote Malta as a business services jurisdiction. Representative organisations had the opportunity

to showcase their services at the China Beijing International Fair for Trade in Services (CIFTIS).

Refurbishment

The refurbishment project that began towards the end of the previous year continued throughout 2019. This project, designed to create new office space on both sides of the second floor of the Exchange's premises, consisted in the installation of glass partitions and the purchases of new furniture to equip these offices. It is expected that the new office spaces will be used by participants in the MSE Fintech Accelerator Programme, which was introduced towards the end of 2018. Furthermore, efficient, high power LEDs were installed which contributed towards a decrease in the MSE's energy consumption.



To keep the premises in good order and in conformity with safety regulations, further repairs and regular maintenance checks were carried out throughout the year. New metal gates were installed on the side of the premises, next to the entrance to the Upper Barrakka Gardens, and stainless steel handrails were mounted on the external steps in front of the building. Furthermore, an intercom was connected to enable customers with a disability to request assistance to access the premises, if necessary. Additional security control cameras were installed in the upper level of the premises, ensuring extensive surveillance of the premises.

Human Resources

Staff Complement

As in previous years, the MSE sought to reinforce its human resources structure and ensure succession planning through recruitment, promotions and internal redeployment. To this end, seven employees were promoted, five to Supervisors and another two to Manager I and Manager II, respectively. Two new recruits, one in the Supervisor grade and one in the Officer grade, were engaged within the Finance Office. Additionally, a



new employee in the grade of Assistant General Manager was recruited in the Prospects MTF office.

As at the end of the year, the Exchange's staff complement stood at 54, split on a gender basis between 36 females and 18 males. Similar to the previous year, this largely reflects the gender split throughout most of the grades in the organisation. The complement included 26 staff in the managerial grades, 18 in the supervisory grades and four in the officer grades. The staff complement also included six non-clerical staff, split between three males and three females. As in the previous year, the Exchange engaged nine students

during the summer months. These were deployed in a number of offices within the Exchange.

Staff Training

The Exchange continued to promote staff training, both externally and at the Malta Stock Exchange Institute. In total, 48 members of staff and directors attended 85 courses.

Family-Friendly Measures

As in previous years, a number of staff continued to avail themselves of family-friendly initiatives, as well as career breaks. Eleven staff members benefitted from teleworking, 12 worked on flexi-hours, four worked on reduced hours and one employee worked part-time.

Health and Safety Measures

In line with the Exchange's health and safety procedures, the MSE's safety measures were assessed continuously. Throughout the year, a number of fire drills and evacuations were carried out; firefighting equipment was upgraded, and new equipment was installed. The Exchange also utilised the services of a fire and safety consultant to recommend various safety upgrades.

Social Events Committee

As in preceding years, the Social Events Committee was very active, organising events for members of staff and their families. These events included dress down days, a weekend trip to Sicily and a five-day tour to Vienna, as well as other local events. Once again, the Kids' Christmas Party was held in December and, as is customary, the children from the Ursuline Creche in Tarxien were also invited. All proceeds generated through the organisation of these events are donated to charity.



Kids' Christmas Party



Members of staff going for a five-day tour to Vienna



Pink October event

Regulatory Matters

Bye-Laws

Towards the end of the year, the Board approved amendments to Chapter 7 (Clearing and Settlement) of the Bye-Laws to ensure that the three points of settlement finality are adequately addressed in this chapter. These amendments were submitted to the MFSA for approval at the end of December and were subsequently published in January 2020.

Fees and Other Charges

In January 2019, a revised version of Exchange Notice 1 – Fees and Charges was published to ensure clarity in the application of fees and further transparency. To this extent, new sections were incorporated on fees that were already applicable, but were not yet included in Exchange Notice 1, such as late payment fees, listing fees for the Institutional Financial Securities Market and admission fees for Prospects MTF. Throughout the year, further amendments were made to Section 4 – Prospects MTF Fees and Section 6 – Dematerialisation Fees.

Risk Management and Internal Capital Adequacy Assessment Process (RMICAAP)

In January 2019, the Board, in terms of the Financial Market Rules Stipulating Financial Resources and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories, confirmed to the MFSA that the Exchange had a Risk Management and Internal Capital Adequacy Assessment Process (RMICAAP) in place that was comprehensive and proportionate to the nature, scale and complexity of its activities and functions.

Audit

During the Annual General Meeting held on 29 April 2019, the shareholders unanimously approved the Audited Financial Statements for the year ended 31 December 2018.

The Audited Financial Statements and the Annual Report on the Exchange's activities during 2018 were submitted to the Competent Authority and published in accordance with the Financial Market Rules Stipulating Financial Resources and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories.

Corporate Social Responsibility

The Exchange sought to support various cultural, educational and philanthropic causes. As is customary, throughout the year, the Social Events Committee organised a number of events for members of staff, the proceeds of which are donated to charity. Through the MSE Corporate Social Responsibility Fund, the Exchange extended financial support totalling €17,007 to the ALS Foundation, Centru Tbexbix, Association for Abandoned Animals, Din I-Art Helwa, Puttinu Cares, the Manoel Theatre and the Malta Community Chest Fund among others.

Support to the Association of Small Shareholders

The Malta Stock Exchange continued to support MASS, the Association of Small Shareholders, by providing the use of the Exchange's premises in Valletta. Besides benefiting from facility services, including meeting and desk space, the Exchange also continues to support MASS financially in line with the MoU signed between the parties in 2018. With this collaboration and support, the Exchange continues to recognise the importance that retail investors have within the Maltese capital markets and the Maltese economy as a whole.



International Affiliations

The Malta Stock Exchange is an active member in the following International Organisations:

- ANNA** Association of National Numbering Agencies
- ECSDA** European Central Securities Depositories Association
- FESE** Federation of European Securities Exchanges
- WFE** World Federation of Exchanges

Events

Throughout the year, the Malta Stock Exchange hosted a number of events.

Malta Stock Exchange Art Exhibition

The Malta Stock Exchange hosted its third art exhibit, called 'A Portrait of Sel(ves)'. Over 200 guests were invited to attend the official opening reception at the Exchange on 19 September. The contemporary art exhibition was curated by artist and curator



Adrian Scicluna. Exhibitors included artists Elisa Von Brockdorff, Damian Darmanin, Ryan Falzon, Margerita Pulè and Matthew Schembri. The theme of the exhibit was embarking on a journey of self-discovery in today's global environment.

Notte Bianca

On 5 October, the Malta Stock Exchange once again opened its doors to the public to view its premises as part of the Notte Bianca activities, Malta's biggest annual arts and culture festival. A large number of individuals took the opportunity to visit the MSE's premises and enjoy the Exchange's third art exhibition.



Ringling of the Bell for Financial Literacy

The week starting 30 September to 4 October was marked as the World Investor Week by the World Federation of Exchanges. As a member of the WFE, the Malta Stock Exchange participated in a 'Ring the Bell for Financial Literacy' ceremony. Several guests were invited to the event, including members of the Malta Association of Small Shareholders. The event was addressed by the Hon. Prof. Edward Scicluna, Minister for Finance, Dr Michelle Mizzi Buontempo from the Malta Financial Services Authority and Mr Joseph Portelli, Chairman of the Malta Stock



Exchange. Ms Weronika Slomka from the World Federation of Exchanges also attended the ceremony.

The 5th Investor Education Conference

The Malta Stock Exchange held the 5th Investor Education Conference at the Exchange in Valletta on 6 November. Mr Joseph Portelli, MSE Chairman, opened the conference and the closing speech was delivered by the Hon. Prof. Edward Scicluna, Minister for Finance. The conference was well attended by the public, individual private investors and industry participants.

The main topics discussed were, 'The Role of the Arbiter', 'How do REITs work', 'How to value Companies' and 'The difference between



investing in ETFs and Funds'. Speakers included Ms Marianne Scicluna, Chief Officer Supervision at the Malta Financial Services Authority; Dr Reno Borg, Chairman of the Office of the Arbiter for Financial Services; Mr Stephen Borg from Calamatta Cuschieri Investment Services Ltd; and Mr Gabriel Mansueto from Jesmond Mizzi Financial Advisors Ltd.

Annual Awards Dinner

The Malta Stock Exchange's Annual Awards Dinner was hosted at The Phoenicia Hotel, Floriana, on 22 November, under the patronage of the Hon. Prof. Edward Scicluna, Minister for Finance.



The three awards presented were the Lifetime Achievement Award, the MSE Company of the Year Award and the MSE Employee of the Year Award. The Hon. Prof. Edward Scicluna, Minister for Finance, presented the awards to the three winners.

The Lifetime Achievement Award was presented to Mr Alfred Pisani, Chairman and Chief Executive Officer of Corinthia Group plc. The MSE Company of the Year Award was awarded to RS2 Software plc and was presented to company Chairman Mr Mario Schembri. The MSE Employee of the Year Award went to Ms Stephanie Critien, Manager, Dematerialisation and Legal Office.

The guest speaker for the event was Ms Claire Zammit Xuereb, Hospitality Director for AX Group.



World Federation of Exchanges 59th General Assembly and Annual Meeting

A delegation of MSE executives headed by the MSE Chairman, Mr Joseph Portelli, attended the WFE 59th General Assembly and Annual General Meeting in Singapore, hosted by the Singapore Stock Exchange on 8 - 10 October. The Chairman moderated a panel, 'Distributed Ledger Technology: Going beyond proof of concept to solutions'. The Chairman also addressed a Working Committee meeting on blockchain and represented the MSE at the AGM during this three-day event.

Exchange Participation at Industry Events

e-Mobility Summit

In its effort to support environmental issues, the Malta Stock Exchange was one of the sponsors of the first e-Mobility Summit held in Malta on 8 March. The summit provided a venue for EU policy-makers and other stakeholders to discuss the environmental challenges currently being faced by the automobile industry and how these challenges could be overcome by a better presentation of the benefits reaped from driving electric cars.



World Federation of Exchanges Technology Conference 2019

The MSE's Chief Officer, Mr Simon Zammit, participated in the panel discussion, 'Exchanges and a World of All Things Crypto', during the WFE's Technology Conference, held in Umea, Sweden.

36th IOMA Conference: World Federation of Exchanges Clearing & Derivatives Conference

Malta Stock Exchange Chairman, Mr Joseph Portelli was invited as one of the key speakers at the 36th IOMA Conference: the WFE's Clearing & Derivatives Conference, hosted by the National Stock Exchange of India, in October in Mumbai, India.

FinanceMalta 12th Annual Conference

The Exchange participated in the 12th FinanceMalta Annual Conference held at the Hilton Malta Conference Centre. The two-day event focused on global technological innovations that are driving the financial services sector. Besides promoting its markets and services, the Exchange launched its first issue of an annual publication, "The Malta Stock Exchange Business Review", at the event.

effort was made to present Malta as a destination for well-regulated securitisations. For this reason the MSE, represented by Ms Stephanie Galea, Head of Business Development and Marketing, teamed up with FinanceMalta which was represented by Mr Ivan Grech, Chief Operating Officer, to present a one-stop shop for companies interested in setting up securitised assets in Malta.



Delta Summit

Also, for the second consecutive year, the Malta Stock Exchange was present at the Delta Summit, on 3 and 4 October. Visitors to the MSE's stand comprised both local and foreign entrepreneurs who were particularly interested in learning more about the MSE's DLT trading project for Securitised Token Offerings (STOs).



Malta Enterprise – Start-up Express

The MSE was represented at the first edition of Start-up Express organised by Malta Enterprise. The seminar was aimed at helping start-ups design successful business proposals. Various local and international entrepreneurs related their experience in drawing up an effective business plan to kick-start their businesses and secure a successful proposal.

SME National Forum

The MSE was present at the SME National Forum 2019, organised by the Malta Employers Association in collaboration with the Ministry for the Economy, Investment and Small Business, MEAINDEX, and the Ministry for Education and Employment. The event was well attended by local entrepreneurs seeking



Global ABS Barcelona

Between 11 and 13 June the Malta Stock Exchange participated for the second year running in the Global ABS Conference in Barcelona. The conference was attended by over 3,500 leaders in the global asset backed securities market. The event is the largest annual European structured finance gathering. Particular

information on possible solutions to their current and potential future threats to their businesses.

EY Malta's Annual Attractiveness Event

For the third consecutive year, the MSE sponsored the EY Malta's Annual Attractiveness Event, which was held at the InterContinental Hotel, St Julian's, on 25 October. The event focused on the fast-changing business environment and the challenges being faced by businesses to keep up with the latest technologies and structural shifts.

Visitors to the Exchange

Courtesy Visit by the French Ambassador to Malta

On 15 May, the MSE Chairman Mr Joseph Portelli, and the MSE Chief Officer, Mr Simon Zammit, welcomed H.E. Brigitte Curmi, the French Ambassador to Malta, during an official visit to the Exchange. Among the topics discussed was the possibility of collaboration with the Malta Stock Exchange Institute.



Chinese Ambassador for Malta Visits the Exchange

On 15 November, H.E. the Ambassador Jiang Jiang led a Chinese delegation on an official visit to the Exchange. The delegation was welcomed to the Exchange by MSE Chairman, Mr Joseph Portelli who was accompanied by MSE Chief Officer, Mr Simon Zammit and MSE Chief Human Resources and Corporate



Services Officer, Mr Alfred Sammut. During the visit, topics of mutual interest for future collaboration were discussed and H.E. Ambassador Jiang Jiang signed the MSE Visitors' Book.

Launch of New Publications

The Malta Stock Exchange Business Review

In June, the Exchange published the first edition of the Malta Stock Exchange Business Review. The magazine featured executive interviews with high profile individuals, including the Hon. Prof. Edward Scicluna, Minister for Finance, MFSA's CEO Joseph Cuschieri, the Chairman of Gasan Group, Mr Joe Gasan, and many other executives of leading organisations in Malta. The magazine also included interesting and topical articles relevant to the financial services sector and business in general. It is the intention of the Exchange to publish the second edition of the MSE Business Review in 2020.

Periodic News Highlights

In addition to the Malta Stock Exchange Business Review, the Exchange also introduced Periodic News Highlights, an electronic publication distributed to investors by subscription. Periodic News Highlights updates subscribers on events, initiatives and activities undertaken by the Exchange during the period.





EXCHANGE OPERATIONS

AND OTHER ACTIVITIES

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Regulated Main Market

Total market turnover in 2019 stood at €487.6 million, an increase of nearly €95 million or 24.2% when compared to 2018. All segments registered an increase, the highest being the MGS segment, which increased by €89.6 million to €302.3 million, representing an increase of 42% over 2018 figures. Similarly, both the equity segment as well as the corporate bond segment increased by 3.3% (€2.9 million) and 2.6% (€2.4 million), respectively, when compared to 2018.

Market Capitalisation as at end of the year stood at just under €13 billion, an increase of 7% (€843.9 million) from the €12.1 billion as at end of 2018. The largest percentage gain occurred in the corporate bond market, where total market capitalisation increased by 11.2% (€188.9 million), followed by the equity market, the value of which increased by 7.3% (€323.1 million). The market capitalisation of MGS increased by 5.6% (€321.9 million) and Treasury Bills registered an increase of 3.5% (€10 million).

The MSE Equity Total Return Index closed at 9615.70, up by 6.9% from 8999.03 at the end of 2018. The Index fell to its lowest level at 8685.78 on 16 January and peaked at 10009.94 on 30 September.

During 2019, BMIT plc listed shares on the main market for the first time, and five already listed companies increased their issued share capital. These were the bonus share issues listed by Bank of Valletta plc, FIMBank plc, RS2 Software plc and Santumas Shareholdings plc and a rights offer by Trident Estates plc. These share issues had a combined initial market capitalisation of €220.1 million.

A total of 16 corporate bonds were issued with a total value of €378 million, of which €75 million were rolled over from existing bonds and €303 million were new capital. New capital represents a 159% increase over the previous year, where a total of €117 million in new capital was raised from six bonds. In 2019, seven corporate bonds were redeemed, with an aggregate value of €128 million, while in the previous year, two bonds were redeemed and amounted to €85.4 million.

With regard to the MGSs, eight MGSs (three in 2018) were issued with a value of €352.5 million (€150.3 million in 2018), and the total nominal value of redeemed MGSs amounted to €435.9 million (€391 million in 2018).

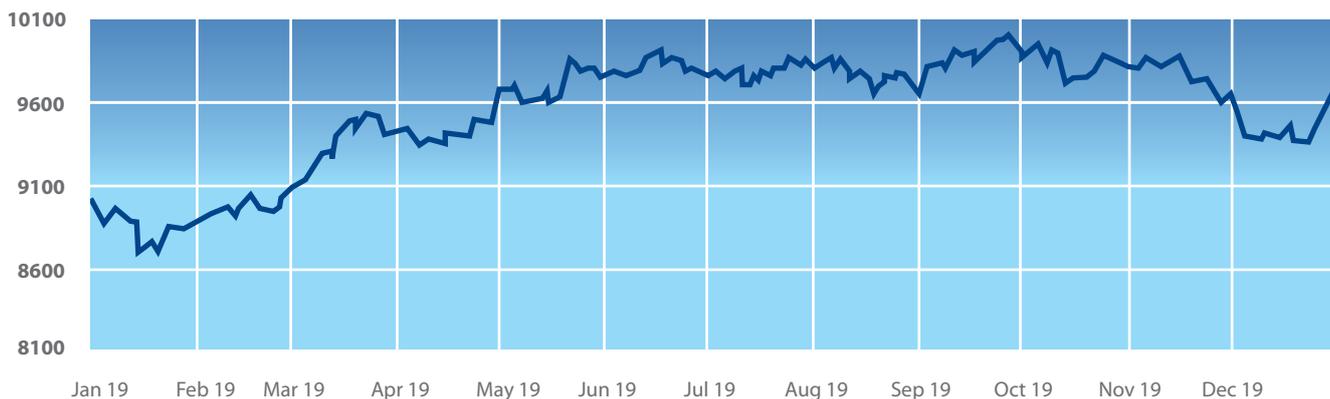
In 2019, a total of 82 Treasury Bills (T-Bills) were issued with a combined value of €1.19 billion, compared to 93 issues in 2018 totalling €1.21 billion. An aggregate of 83 T-Bills with a total value of €1.18 billion were redeemed during 2019, compared to 83 T-Bills with a combined value of €1.04 billion in 2018.

Launch of Three New Bond Indices

In February, three new bond indices, designed to provide the market with their respective performance calculated on a total return basis, were launched by the Malta Stock Exchange. The MSE Malta Government Stocks Total Return Index, the MSE Corporate Bonds Total Return Index and the MSE Balanced Bonds Total Return Index track



MSE Equity Total Return Index for 2019



the top 15 Malta Government Stocks and the top 15 Corporate Bonds. These indices are based at 1,000, with effect from 30 December 2016 and are reported daily on the MSE website. The launch of these indices follows the introduction by the Exchange of the MSE Total Return Equity Index in July 2017.

The Exchange also launched a new investor information service by publishing delayed pre-trade data on its website. This service provides the prices and volumes of the best five bids and the best five offers of all financial instruments that are tradable on the Exchange's platform.

Institutional Financial Securities Market

One security was listed on IFSM, having an initial market value of €3 million, and one security with a value of €20 million was redeemed. There was no trading registered on IFSM throughout 2019.

Prospects MTF

2019 saw the admission of 11 new additional securities to Prospects MTF. These were made up of 10 corporate bonds and one equity admission. It was a first for the Prospects MTF market to admit a security with its Issuer also having securities listed on the Regulated Main Market. The total aggregate nominal value of the bonds admitted amounted to €42.9 million, a 15% increase over the previous year (€37.3 million). The equity admission amounted to 3,125,000 ordinary shares with a nominal value of €0.10 each. Additionally, during the year, nine potential applications were turned down at pre-application assessment stage, either because they did not meet the admission criteria set out in the Prospects MTF Rules or because the potential applications were not within the risk appetite of the Malta Stock Exchange.

Another Corporate Advisor was approved during the year, bringing the total number of Corporate Advisors to 21. Corporate Advisors attended several training courses throughout the year designed as part of their ongoing training obligations.

The increase in the number of admitted securities brought about a considerable increase in trading activity in 2019. A total of 555 trades took place (as against 207 in 2018), with a total market turnover of €3.35 million (€1.2 million in 2018), which is almost three times as much as the total market turnover for Prospects MTF during the previous year.

Central Securities Depository

At the end of 2019 the number of accounts held within the CSD stood at just over 77,400, a marginal decrease compared to 2018 when the number of accounts stood at just over 77,700. The CSD processed around 390 corporate actions throughout the year including interest and dividend payments, redemptions, conversions and bonus issues.

2019 saw an increase in the amount of securities admitted to the CSD. A total of 124 securities were admitted as compared to 115 securities admitted in 2018. These consisted of one equity, 16 corporate bonds, eight MGS issues, 82 Treasury Bills and one Institutional Financial Securities Market security listed on the Regulated Main Market whilst

one equity and ten corporate bonds were admitted to Prospects MTF. A further six non-listed securities were also admitted to the CSD. The number of transactions effected over the MSE CSD–Clearstream Banking AG link in 2019 totalled 192. As in previous years, the majority of these were related to transactions in non-listed securities.

E-Portfolio

The number of CSD accounts activated on the online e-Portfolio facility during the year was 856. This brought the total number of activated accounts to 6,841 by year end.

Dematerialisation of Non-Listed Securities

Ninety-six applications were received from non-listed issuers seeking CSD dematerialisation services. Thirty of these applications related to an increase in the existing dematerialised issued share capital, amounting to 424,545,288 ordinary shares. Furthermore, 18 of these 96 applications related to €67,377,786 fund shares. The remaining 48 applications related to €12,983,000 debt instruments.

Four new issuers applied for admission to the CSD, with 295,778 fund shares and €24,000,000 debt instruments being admitted. Twelve securities were terminated and redeemed. As at year end, the non-listed securities admitted to the CSD amounted to 17 equities and 27 debt instruments.

Market Operations Office

During the first quarter of the year, the Market Operations Office continued to prepare for the upgrade of the trading system. The upgrade project entailed co-ordination between the various stakeholders including training and familiarisation with the new trading system for Members. On 25 March 2019, the Malta Stock Exchange successfully upgraded its trading system technology and migrated to Deutsche Börse's T7 Trading System.

The list of approved member firms as at year end remained at 19, following the admission of one new member, Tera Europe Ltd, and the resignation of Joh.Berenberg, Gossler & Co. KG. In addition, Market Operations processed two new traders' applications from two member firms. The number of active traders having access to the T7 Trading System at the end of the year stood at 46.



Regulated Main Market - Comparative Trading Figures

Security	Number of Deals		Volume/No. of Shares		Market Turnover (EURO)	
	2018	2019	2018	2019	2018	2019
Equities						
BMIT Technologies p.l.c. Ord €0.10	-	1,040	-	14,140,771	-	7,568,276.39
Bank of Valletta p.l.c. Ord €1.00	3,349	2,610	13,943,683	10,772,543	22,939,793.73	12,953,175.96
FIMBank p.l.c. Ord US\$0.50	279	157	3,572,554	2,109,264	2,052,384.52	1,229,248.45
GlobalCapital p.l.c. Ord €0.291172	44	22	164,522	49,781	51,499.89	13,240.99
Grand Harbour Marina p.l.c. Ord €0.12	24	47	274,708	256,045	205,767.16	160,419.62
GO p.l.c. Ord €0.582343	612	806	2,503,667	2,105,649	9,174,590.46	9,332,519.20
HSBC Bank Malta p.l.c. Ord €0.30	985	700	4,367,119	2,756,950	7,874,251.05	4,344,997.68
International Hotel Investments p.l.c. Ord €1.00	324	518	3,926,455	5,079,106	2,418,119.38	3,794,874.58
Lombard Bank Malta p.l.c. Ord €0.25	101	116	420,389	470,500	974,937.24	1,077,894.54
Logus Holdings p.l.c. Ord €0.232937	54	33	762,276	420,266	58,616.78	31,528.38
MIDI p.l.c. Ord €0.20	450	489	8,960,563	8,088,023	4,236,048.77	5,160,179.62
Medserv p.l.c. Ord €0.10	253	224	1,430,020	1,358,510	1,559,057.82	1,503,781.23
Malta International Airport p.l.c. Ord €0.25	842	956	1,749,479	1,878,819	9,386,359.29	12,696,180.50
Malta Investments p.l.c. Ord €0.50	388	268	4,274,212	2,065,597	3,636,018.93	1,803,211.84
Mapfre Middlesea p.l.c. Ord €0.21	191	183	700,510	533,516	1,331,510.17	1,159,975.06
Malta Properties Company p.l.c. Ord €0.32	381	456	4,035,964	4,611,590	2,065,451.53	2,810,156.86
Main Street Complex p.l.c. Ord €0.10	37	68	417,899	615,570	271,596.80	381,315.35
MaltaPost p.l.c. Ord €0.25	115	158	311,131	485,658	532,882.24	627,989.87
PG p.l.c. Ord €0.25	363	410	3,206,218	3,094,671	4,283,221.98	4,724,690.20
Plaza Centres p.l.c. Ord €0.20	166	156	1,556,085	1,561,974	1,596,831.59	1,585,046.86
R52 Software p.l.c. Ord €0.06	720	998	3,699,121	5,289,522	4,650,908.48	8,841,542.24
Simonds Farsons Cisk p.l.c. Ord €0.30	255	245	557,739	350,507	4,075,467.50	3,357,157.90
Santomas Shareholdings p.l.c. Ord €0.275	44	43	170,791	115,776	245,521.27	168,846.18
Tigne Mall p.l.c. Ord €0.50	125	194	1,134,160	2,576,894	1,084,116.41	2,330,386.87
Trident Estates p.l.c. Ord €1.00	299	235	1,036,724	949,707	1,597,545.89	1,531,756.69
Total Equity	10,401	11,132	63,175,989	71,737,209	86,302,499	89,188,393
Corporate Bonds						
5.1% 1923 Investments plc Unsecured € 2024	333	303	2,376,500	1,731,800	2,462,882.01	1,770,365.87
5.1% 6PM Holdings plc Unsecured € 2025	368	214	5,284,700	1,371,100	5,088,154.61	1,390,945.71
6% AX Investments plc € 2024	131	361	659,100	1,598,100	736,143.79	1,830,381.08
3.25% AX Group plc Unsecured € 2026 Series I	-	1	-	8,000	-	8,112.00
3.75% AX Group plc Unsecured € 2029 Series II	-	10	-	34,300	-	34,820.16
4.25% Best Deal Properties Holding plc Secured € 2024	16	181	109,700	1,598,800	114,593.00	1,651,403.84
4.8% Bank of Valletta plc Notes € 2018	35	-	625,300	-	625,659.30	-
5.35% Bank of Valletta plc Subordinated € 2019	154	38	931,000	270,500	946,666.25	270,209.68
4.25% Bank of Valletta plc Notes € 2019 S2 T1	151	12	1,352,500	231,800	1,370,074.00	231,209.00
4.8% Bank of Valletta plc Subordinated € 2020	123	136	1,230,800	1,567,200	1,260,768.80	1,584,102.29
3.5% Bank of Valletta plc Notes € 2030 S1 T1	188	197	4,890,600	6,073,000	4,920,801.20	6,094,713.01
3.5% Bank of Valletta plc Notes € 2030 S2 T1	141	134	1,667,100	2,530,000	1,664,888.19	2,532,495.20
3.75% Bank of Valletta plc Unsecured Subordinated € 2026-2031	-	23	-	757,000	-	763,677.00
3.75% Bortex Group Finance plc Unsecured € 2027	171	162	1,220,500	1,245,700	1,262,254.62	1,285,942.65
5.75% Central Business Centres plc Unsecured € 2021 S1 T1	23	18	128,200	121,200	134,250.35	126,778.45
5.25% Central Business Centres plc Unsecured € 2025 S2 T1	15	27	97,000	175,000	102,426.10	183,233.75
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	50	44	287,900	260,100	295,877.14	267,772.80
6% Corinthia Finance plc € 2019-2022	6	6	57,000	59,000	58,995.00	59,356.00
4.25% Corinthia Finance plc Unsecured € 2026	115	116	1,190,500	608,100	1,232,410.96	628,711.55
5% Dizz Finance plc Unsecured € 2026	137	128	963,000	744,000	1,006,869.80	757,715.00
4% Eden Finance plc Unsecured € 2027	196	162	2,009,800	1,209,500	2,097,888.55	1,269,118.83
4.5% Endo Finance plc Unsecured € 2029	-	9	-	450,000	-	452,725.00
4% Exalco Finance plc Secured € 2028	83	71	2,273,700	937,100	2,381,486.05	987,299.51
5% GlobalCapital plc Unsecured € 2021	194	97	1,630,400	647,300	1,615,542.00	639,673.12
4.9% Gasan Finance Company plc € 2019-2021	75	61	543,500	411,200	562,759.72	420,272.70
4.5% Grand Harbour Marina plc Unsecured € 2027	130	65	914,600	473,500	956,197.55	494,401.50
3.65% GAP Group plc Secured € 2022	-	341	-	4,890,500	-	4,973,444.68
4.25% GAP Group plc Secured € 2023	308	125	5,322,700	2,510,500	5,515,771.54	2,614,643.28
5.9% HSBC Bank Malta plc € Subordinated 2018	25	-	281,800	-	282,877.08	-
4.35% Hudson Malta plc Unsecured € 2026	181	134	2,588,800	1,181,900	2,701,368.26	1,223,967.10
3.85% Hili Finance Company plc Unsecured € 2028	332	368	4,445,600	3,819,100	4,561,039.79	3,890,785.62
3.8% Hili Finance Company plc Unsecured € 2029	-	237	-	1,864,200	-	1,866,574.27
4.5% Hili Properties plc Unsecured € 2025	283	278	1,421,200	1,147,000	1,489,237.72	1,187,935.19
5% Hal Mann Vella Group plc Secured € 2024	158	120	1,111,700	754,100	1,178,029.34	798,841.98
4.5% Izola Bank plc Unsecured € 2025	52	33	624,300	221,700	658,691.25	236,292.35
5.8% International Hotel Investments plc € 2021	38	45	389,600	339,800	411,931.15	358,104.69
5.8% International Hotel Investments plc € 2023	36	28	224,600	405,700	239,380.17	436,034.05
6% International Hotel Investments plc € 2024	123	148	698,700	943,800	758,760.12	1,008,884.68
5.75% International Hotel Investments plc Unsecured € 2025	183	195	1,035,200	1,088,000	1,119,794.78	1,166,067.03
4% International Hotel Investments plc Secured € 2026	479	329	3,082,700	1,548,900	3,208,251.55	1,603,958.78
4% International Hotel Investments plc Unsecured € 2026	144	121	1,138,300	642,500	1,174,409.84	657,800.15
4% International Hotel Investments plc Unsecured € 2026 FI	-	215	-	2,081,600	-	2,132,327.66
7.5% MeDirect Bank (Malta) plc Subordinated € 2019	52	45	1,369,000	1,520,000	1,436,514.00	1,524,992.70
7.5% MeDirect Bank (Malta) plc Subordinated € 2019	1	5	20,000	148,000	23,427.34	171,508.91
6% MeDirect Bank (Malta) plc Subordinated Unsecured € 2019-2024	23	13	556,000	294,000	571,847.00	295,547.50
6% MeDirect Bank (Malta) plc Subordinated Unsecured € 2019-2024	-	-	-	-	-	-
5% MeDirect Bank (Malta) plc Subordinated Unsecured € 2022-2024	24	22	525,000	615,000	546,082.50	635,572.50
4% MeDirect Bank (Malta) plc Subordinated Unsecured € 2024-2029	-	15	-	376,000	-	381,380.10
4% MeDirect Bank (Malta) plc Subordinated Unsecured € 2024-2029	-	-	-	-	-	-
4% MIDI plc Secured € 2026	355	226	3,277,100	1,524,100	3,415,834.44	1,595,676.21
5.3% Mariner Finance plc Unsecured € 2024	121	136	900,900	1,458,700	980,441.51	1,589,823.83
5.5% Mediterranean Investments Holding plc Unsecured € 2020	43	53	343,000	1,817,500	355,453.88	1,881,026.48
6% Mediterranean Investments Holding plc € 2021	30	42	254,300	290,400	263,346.90	294,919.55
5% Mediterranean Investments Holding plc Unsecured € 2022	123	181	632,500	876,800	650,591.53	885,645.34
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	94	92	636,000	619,000	659,544.10	635,634.20
4% Merkanti Holding plc Secured € 2026	-	132	-	966,700	-	981,100.15
6% Medserv plc Secured & Gmtd € Notes 2020-2023 S1 T1	83	117	338,300	857,000	348,422.31	871,311.40
4.5% Medserv plc Unsecured € 2026	108	48	2,162,100	1,981,700	2,190,028.99	1,979,502.91
5.75% Medserv plc Unsecured € 2026	24	8	638,000	258,400	547,936.38	230,572.67
4.85% Melite Finance plc Secured € 2028	6	17	350,000	911,500	374,415.00	961,284.00
3.75% Mercury Projects Finance plc Secured € 2027	-	244	-	1,683,700	-	1,709,465.85
4.25% Mercury Projects Finance plc Secured € 2031	-	272	-	2,083,300	-	2,147,396.93
3.75% Premier Capital plc Unsecured € 2026	353	292	2,794,200	2,519,900	2,896,139.00	2,612,289.01
5.5% Pendergardens Developments plc Secured € 2020 Series I	56	62	540,000	874,700	560,202.42	903,843.76
6% Pendergardens Developments plc Secured € 2022 Series II	107	108	1,091,800	1,230,100	1,202,049.86	1,353,692.30
4.15% Phoenicia Finance Company plc Unsecured € 2023-2028	31	223	953,800	2,652,300	991,946.20	2,761,931.53
3.9% Plaza Centres plc Unsecured € 2026	22	9	543,700	587,000	548,725.00	596,015.00
4.35% SD Finance plc Unsecured € 2027	331	382	3,581,600	4,026,100	3,720,965.62	4,165,087.05
3.5% Simonds Farsons Cisk plc Unsecured € 2027	104	69	1,084,800	367,700	1,145,063.47	392,954.53
4% SP Finance plc Secured € 2029	-	194	-	1,331,600	-	1,349,374.59
4% Stivala Group Finance plc Secured € 2027	405	275	4,557,600	2,621,200	4,746,846.72	2,728,428.73
3.65% Stivala Group Finance plc Secured € 2029	-	124	-	1,038,600	-	1,065,489.31
5.9% Together Gaming Solutions plc Unsecured Callable € 2024-2026	-	89	-	529,800	-	531,907.09
5% Tumas Investments plc Unsecured € 2024	77	180	586,500	1,297,900	633,671.66	1,363,126.12
3.75% Tumas Investments plc Unsecured € 2027	149	191	1,290,000	1,545,500	1,348,079.89	1,609,109.85
3.75% TUM Finance plc Secured € 2029	-	221	-	2,069,200	-	2,118,463.84
5.3% United Finance plc Unsecured € 2023	20	19	140,600	149,177.58	228,997.58	228,997.58
4.4% Von der Heyden Group Finance plc Unsecured € 2024	487	227	4,319,000	2,377,000	4,380,019.20	2,421,527.40
3.75% Virtu Finance plc Unsecured € 2027	421	119	4,619,800	1,134,900	4,774,319.71	1,184,003.87
Total Corporate Bonds	8,827	9,745	90,914,200	93,256,700	93,658,224	96,049,700
Malta Government Stocks						
Total MGSs	6,994	8,413	184,754,984	241,823,265	212,705,372	302,347,808
Treasury Bills						
Total T.Bills	-	-	-	-	-	-
Sub total	26,222	29,290	338,845,173	406,817,174	392,666,094	487,585,901

Institutional Financial Securities Market

Security	Number of Deals 2018	Number of Deals 2019	Volume/No. of Shares 2018	Volume/No. of Shares 2019	Market Turnover (EURO) 2018	Market Turnover (EURO) 2019
Total all IFSM Securities	-	-	-	-	-	-
Total all Securities	26,222	29,290	338,845,173	406,817,174	392,666,094	487,585,901

Prospects MTF - Comparative Trading Figures

Security	Number of Deals 2018	Number of Deals 2019	Volume/No. of Shares 2018	Volume/No. of Shares 2019	Market Turnover (EURO) 2018	Market Turnover (EURO) 2019
Equities						
Best Deal Properties Holding plc Ord €0.10	-	-	-	-	-	-
SFA SpA Ord €1.00	-	-	-	-	-	-
Corporate Bonds						
4.875% AgriHoldings plc Senior Secured € 2024	26	16	193,700	67,200	195,429.50	67,872.00
5.5% Anchovy Studios plc Unsecured € 2027	19	8	85,000	55,000	86,079.50	56,450.00
5.5% AST Group plc Unsecured € 2028	3	6	15,000	32,000	15,025.00	32,000.00
5% Borgo Lifestyle Finance plc Secured Callable € 2026-2029	-	16	-	110,400	-	111,704.10
5% Busy Bee Finance plc Unsecured € 2029	-	39	-	212,200	-	221,645.00
4.25% Calamatta Cuschieri Finance plc Unsecured Callable € 2024-2026	-	8	-	121,000	-	121,352.00
5% The Convenience Shop (Holding) plc Unsecured Callable € 2026-2029	-	33	-	179,300	-	178,848.63
5.35% D Shopping Malls Finance plc Unsecured € 2028	9	60	45,000	385,500	45,390.00	387,182.00
5% FES Finance plc Secured € 2029	-	20	-	105,100	-	106,970.19
4.75% Gillieru Investments plc Secured € 2028	9	47	26,200	136,100	26,696.60	138,059.75
5% HH Finance plc Unsecured € 2023-2028	37	12	262,600	56,800	266,092.45	57,521.30
5% Horizon Finance plc Secured Callable € 2026-2029	-	2	-	12,000	-	12,210.00
5.5% IG Finance plc Unsecured € 2024-2027	10	11	52,000	58,000	52,605.40	58,780.00
5% JD Capital plc Unsecured € 2028	42	34	221,200	104,100	223,784.11	104,851.13
4.75% KA Finance plc Secured Callable € 2026-2029	-	22	-	367,500	-	377,873.10
5.25% Kliikk Finance plc Unsecured € 2027	5	20	30,000	82,600	30,000.00	82,605.00
5% Luxury Living Finance plc Secured € 2028	8	63	56,000	387,700	57,822.90	396,487.80
4.75% Orion Finance plc Unsecured € 2027	28	27	153,000	336,000	155,355.00	343,685.00
5.75% Pharmacare Finance plc Unsecured € 2025-2028	11	50	53,400	177,400	53,939.16	179,077.03
5% Smartcare Finance plc Secured € 2029	-	17	-	58,700	-	59,352.91
5.5% Testa Finance plc € 2029	-	43	-	240,300	-	245,517.00
5.5% Yacht Lift Malta plc Secured Callable € 2021-2025	-	1	-	5,000	-	5,050.00
Total all Securities	207	555	1,193,100	3,289,900	1,208,220	3,345,094

MGS Movements 2019

Security Name	Date of Issue	Amount Issued	Coupon	Dates of Interest	Traded Value (EURO)	Deals	Last Closing Price
6.6% MGS 2019	1-Sep-99	102,493,253	6.600%	01-Mar 01-Sep	685,005.00	28	100.44
7% MGS 2019 (II)	30-Jun-09	13,670,000	7.000%	30-Jun 30-Dec	-	-	-
3% MGS 2019 (III)	1-Mar-13	122,495,900	3.000%	22-Mar 22-Sep	1,064,314.94	13	100.43
FLTNG RT 6MTH EUR MGS 2019(IV)	25-Sep-13	40,750,000	0.732%	25-Mar 25-Sep	-	-	-
3.2% MGS 2019 (V)	9-Dec-13	121,450,700	3.200%	31-Jan 31-Jul	415,154.40	3	100.45
FLTNG RT 6MTH EUR MGS 2019(VI)	27-Nov-15	35,000,000	0.108%	27-May 27-Nov	-	-	-
5.2% MGS 2020	27-Jun-07	52,407,462	5.200%	10-Jun 10-Dec	875,982.41	79	102.73
4.6% MGS 2020 (II)	18-Nov-09	158,327,200	4.600%	25-Apr 25-Oct	4,701,342.93	121	101.80
7% MGS 2020 (III)	30-Jun-10	430,700	7.000%	30-Jun 30-Dec	-	-	-
3.35% MGS 2020 (IV)	9-Dec-13	64,040,000	3.350%	31-Jan 31-Jul	-	-	-
2% MGS 2020 (V)	4-Apr-14	138,484,400	2.000%	26-Mar 26-Sep	2,996,029.08	10	102.01
FLTNG RT 6MTH EUR MGS 2020(VI)	29-Oct-14	47,850,000	0.400%	29-Apr 29-Oct	-	-	-
5% MGS 2021	25-May-04	458,844,653	5.000%	08-Feb 08-Aug	23,802,693.89	428	108.38
7% MGS 2021 (II)	18-Jun-11	466,000	7.000%	18-Jun 18-Dec	-	-	-
7% MGS 2021 (III)	30-Jun-11	2,858,800	7.000%	30-Jun 30-Dec	-	-	-
5.1% MGS 2022	16-Aug-04	71,047,725	5.100%	16-Feb 16-Aug	7,379,305.41	176	114.09
4.3% MGS 2022 (II)	6-Feb-12	240,169,400	4.300%	15-May 15-Nov	12,431,700.11	240	110.74
7% MGS 2022 (III)	1-Sep-12	1,318,800	7.000%	01-Mar 01-Sep	-	-	-
1.5% MGS 2022 (IV)	11-Jul-16	63,396,700	1.500%	11-Jan 11-Jul	4,517,618.00	3	104.96
5.5% MGS 2023	14-Jul-03	78,811,283	5.500%	06-Jan 06-Jul	3,205,235.72	96	120.03
7% MGS 2023 (II)	18-Nov-13	2,404,400	7.000%	18-May 18-Nov	-	-	-
1.4% MGS 2023 (III)	20-Feb-17	146,276,500	1.400%	11-May 11-Nov	6,576.26	2	106.27
3.3% MGS 2024 (I)	3-Mar-14	24,051,100	3.300%	12-May 12-Nov	1,633,968.71	45	116.46
7% MGS 2024 (II)	18-Aug-14	1,135,000	7.000%	18-Feb 18-Aug	-	-	-
1.4% MGS 2024 (III)	11-Dec-18	201,000,000	1.400%	29-Jan 29-Jul	322,830.00	1	107.61
7% MGS 2025 (I)	14-Aug-15	2,007,900	7.000%	14-Feb 14-Aug	-	-	-
0.5% MGS 2025 (II)	22-Jul-19	83,500,000	0.500%	8-May 8-Nov	-	-	-
0.5% MGS 2025 (II) FI November 2019	25-Nov-19	90,000,000	0.500%	8-May 8-Nov	-	-	-
7% MGS 2026 (I)	25-Jul-16	734,400	7.000%	25-Jan 25-Jul	-	-	-
1.5% MGS 2027 (I)	20-Feb-17	90,954,500	1.500%	15-Jun 15-Dec	1,112,213.70	13	111.10
7% MGS 2027 (II)	25-Jul-17	1,096,800	7.000%	25-Jan 25-Jul	-	-	-
4.8% MGS 2028 (I)	2-Nov-12	107,029,500	4.800%	11-Mar 11-Sep	3,487,163.39	174	140.40
4.5% MGS 2028 (II)	1-Mar-13	286,651,500	4.500%	25-Apr 25-Oct	11,878,447.24	439	139.50
7% MGS 2028 (III)	16-Jul-18	260,500	7.000%	13-Jan 13-Jul	-	-	-
5.1% MGS 2029 (I)	22-Jun-12	79,144,900	5.100%	01-Apr 01-Oct	6,752,869.18	166	144.43
2.3% MGS 2029 (II)	16-Jun-15	143,518,400	2.300%	24-Jan 24-Jul	8,310,136.65	315	120.75
1.85% MGS 2029 (III)	11-Dec-18	125,500,000	1.850%	30-May 30-Nov	4,093,250.00	9	116.95
7% MGS 2029 (IV)	15-Oct-19	2,522,400	7.000%	14-Apr 14-Oct	-	-	-
5.25% MGS 2030	26-May-10	440,165,700	5.250%	23-Jun 23-Dec	24,786,575.15	404	148.73
5.2% MGS 2031 (I)	21-Nov-11	201,343,600	5.200%	16-Mar 16-Sep	9,898,204.42	293	152.51
4.65% MGS 2032 (I)	4-Nov-13	140,454,200	4.650%	22-Jan 22-Jul	6,669,586.80	285	149.00
4.45% MGS 2032 (II)	3-Mar-14	153,111,700	4.450%	03-Mar 03-Sep	7,314,239.92	238	146.91
4.3% MGS 2033 (I)	9-Jun-14	150,699,900	4.300%	01-Feb 01-Aug	10,724,699.89	272	147.37
4.1% MGS 2034 (I)	4-Apr-14	200,075,700	4.100%	18-Apr 18-Oct	11,249,592.32	296	147.55
2.2% MGS 2035 (I)	20-Feb-17	20,539,100	2.200%	24-May 24-Nov	2,151,511.26	123	125.00
2.5% MGS 2036 (I)	17-May-16	221,733,100	2.500%	17-May 17-Nov	25,414,613.61	783	133.00
2.1% MGS 2039 (I)	24-Oct-16	159,102,100	2.100%	24-Feb 24-Aug	49,056,227.73	1,711	130.00
3% MGS 2040 (I)	2-Mar-15	162,276,100	3.000%	11-Jun 11-Dec	29,348,158.33	913	146.00
2.4% MGS 2041 (I)	25-Jan-17	153,669,800	2.400%	25-Jan 25-Jul	26,062,561.46	734	136.00

Market Capitalisation as at 31 December 2019

Security	No of Shares	Close Price	Capitalisation in Euro
Equities			
BOV ORD SHARES	583,849,270	1.060	618,880,226.20
HSBC ORD SHARES	360,306,099	1.300	468,397,928.70
LOM BANK ORD SHARES	44,177,914	2.280	100,725,643.92
MMS SHARES	92,000,000	2.160	198,720,000.00
SFC ORD SHARES	30,000,000	11.500	345,000,000.00
GO ORD SHARES	101,310,488	4.260	431,582,678.88
IHI ORD SHARES	615,684,920	0.830	511,018,483.60
PZC ORD SHARES	28,242,000	1.010	28,524,420.00
LQS ORD SHARES	31,899,000	0.065	2,057,485.50
GC PLC ORD SHARES	30,000,000	0.280	8,400,000.00
FIMB PLC ORD SHARES	522,443,763	0.600	281,060,035.69
MIA PLC ORD A SHARES	81,179,990	6.900	560,141,931.00
STUMAS SHOLDINGS PLC	7,314,122	1.410	10,312,912.02
MDS ORD SHARES	53,744,405	1.100	59,118,845.50
GHM ORD SHARES	20,000,000	0.550	11,000,000.00
MALTAPOST PLC ORD SHARES	37,654,720	1.310	49,327,683.20
RS2 SOFTWARE PLC ORD SHARES	192,968,569	2.140	412,952,737.66
MIDI PLC ORD SHARES	214,159,922	0.540	115,646,357.88
MALITA INV PLC ORD B SHARES	30,000,000	0.900	27,000,000.00
TIGNE MALL PLC ORD SHARES	56,400,000	0.900	50,760,000.00
MPC PLC ORD SHARES	101,310,488	0.630	63,825,607.44
PG PLC ORD SHARES	108,000,000	1.840	198,720,000.00
TRIDENT ESTATES ORD SHARES	42,000,003	1.550	65,100,004.65
MAIN STREET COMP ORD SHARES	19,384,619	0.600	11,630,771.40
BMIT TECH ORD SHARES	203,595,310	0.520	105,869,561.20
Total:			4,735,773,314.44
Corporate Bonds			
4.8% BOV SUB BDS 2020	70,000,000	100.000	70,000,000.00
3.5% BOV SUB NTS 2030 SRS1 TR1	66,920,500	99.900	66,853,579.50
3.5% BOV SUB NTS 2030 SRS2 TR1	44,670,400	99.000	44,223,696.00
3.75% BOV UNS SUB BDS 2026/31	50,000,000	100.750	50,375,000.00
4.9% GFC PLC BDS 2019-2021	24,898,400	100.000	24,898,400.00
3.5% SFC PLC UNS EUR BDS 2027	20,000,000	108.310	21,662,000.00
6% AX INV PLC BNDS 2024	40,000,000	113.000	45,200,000.00
4.25% CFC USC BDS 2026	40,000,000	103.000	41,200,000.00
5.8% IHI PLC BDS 2021	20,000,000	101.500	20,300,000.00
5.8% IHI PLC BD 2023	10,000,000	108.500	10,850,000.00
5.75% IHI PLC UNSEC BDS 2025	45,000,000	106.500	47,925,000.00
4% IHI PLC SEC BDS 2026	55,000,000	103.000	56,650,000.00
4% IHI PLC UNSEC BDS 2026	60,000,000	101.000	60,600,000.00
3.9% PZC PLC UNSEC BNDS 2026	8,500,000	101.550	8,631,750.00
5.3% UFC PLC UNSEC BDS 2023	8,500,000	104.600	8,891,000.00
4% EDF PLC UNS EUR BDS 2027	40,000,000	103.500	41,400,000.00
5% GC PLC EUR UNSEC BNDS 2021	10,000,000	98.000	9,800,000.00
5% TUM INV PLC UNS BDS 2024	25,000,000	102.000	25,500,000.00
3.75% TUM INV UNS EUR BDS 2027	25,000,000	100.500	25,125,000.00
5.3% MRN FIN UNS BNDS 2024	35,000,000	105.200	36,820,000.00
6% MDS SEC NTS 2020/23 S1 T1	20,000,000	100.000	20,000,000.00
4.5% MDS PLC UNS EUR BDS 2026	21,982,400	99.000	21,762,576.00
5.75% MDS UNSEC USD BDS 2026	9,148,100	98.950	8,116,242.22
4.5% GHM PLC UNS EUR BDS 2027	15,000,000	104.600	15,690,000.00
5.1% 6PM HLDS PLC UNSEC BDS 2025	13,000,000	101.200	13,156,000.00
6% MIH PLC UNS BNDS 2021	12,000,000	101.500	12,180,000.00
5.5% MIH PLC UNSEC BDS 2020	18,407,800	100.000	18,407,800.00
5% MIH PLC UNS EUR BNDS 2022	40,000,000	101.000	40,400,000.00
4% MIDI PLC EUR SEC BDS 2026	50,000,000	102.500	51,250,000.00
6% IHI PLC BNDS 2024	35,000,000	106.250	37,187,500.00
3.75% PRC PLC UNSEC BDS 2026	65,000,000	104.500	67,925,000.00
4.5% IZL BNK PLC UNSEC BDS 2025	12,000,000	108.000	12,960,000.00
5% MDBK SB UN EUR BDS 2022/27	18,651,000	104.500	19,490,295.00
5% MDBK SB UN GBP BDS 2022/27	1,188,000	100.000	1,188,000.00
4% MDBK SB UN EUR BDS 2024/29	32,202,000	102.000	32,846,040.00
4% MDBK SB UN GBP BDS 2024/29	2,417,000	100.000	2,417,000.00
5.5% PENDRG S I SEC BD 2020	14,711,300	99.400	14,623,032.20
6% PENDRG S II SEC BD 2022	26,921,200	105.000	28,267,260.00
5% HMV GRP PLC SEC BDS 2024	30,000,000	107.950	32,385,000.00
5.1% 1923 INV UNS BD 2024	36,000,000	101.500	36,540,000.00
5.75% CBC UNS BD 2021 S1 T1	3,000,000	102.750	3,082,500.00
5.25% CBC UNS BD 2025 S2 T1	3,000,000	103.600	3,108,000.00
4.4% CBC UNS EUR BD 2027 S1 T1	6,000,000	102.550	6,153,000.00
4.5% HIL UNSEC BDS 2025	37,000,000	105.000	38,850,000.00
5% DFC PLC UNSEC BDS 2026	8,000,000	100.000	8,000,000.00
4.25% GAP PLC SEC EUR BDS 2023	19,643,000	102.500	20,134,075.00
3.65% GAP SEC BDS 2022	38,061,300	102.000	38,822,526.00
4.8% MMHF PLC UNSEC EUR BDS 2026	15,000,000	102.300	15,345,000.00
4.4% VDH G F UNS EUR BDS 2024	25,000,000	100.250	25,062,500.00
4.35% SD FIN UNS EUR BDS 2027	65,000,000	101.000	65,650,000.00
3.75% VFP PLC UNS EUR BDS 2027	25,000,000	104.600	26,150,000.00
4% SGF SEC BDS 2027	45,000,000	102.000	45,900,000.00
3.65% STV SEC BDS 2029	15,000,000	102.000	15,300,000.00
3.75% BRX PLC UNS EUR BDS 2027	12,750,000	101.510	12,942,525.00
4.35% HDS PLC UNS EUR BDS 2026	12,000,000	103.000	12,360,000.00
3.85% HLF UNSEC BDS 2028	40,000,000	100.000	40,000,000.00
3.8% HLF UNSEC BDS 2029	80,000,000	100.000	80,000,000.00
4% EXF SEC EUR BDS 2028	15,000,000	105.140	15,771,000.00
4.85% MTE PLC SEC BDS 2028	9,250,000	106.970	9,894,725.00
4.15% PHN UNS BDS 2023-2028	25,000,000	103.900	25,975,000.00
4.25% BDPH SEC BDS 2024	16,000,000	102.150	16,344,000.00
4.5% ENDO FIN UNS BDS 2029	13,500,000	100.500	13,567,500.00
4% SPF SEC BDS 2029	12,000,000	100.100	12,012,000.00
3.75% MCY SEC BNDS 2027	11,500,000	100.100	11,511,500.00
4.25% MCY SEC BNDS 2031	11,000,000	101.000	11,110,000.00
5.9% TGS UNS CALL BDS 2024/26	20,000,000	100.200	20,040,000.00
3.75% TMF SEC BDS 2029	20,000,000	102.000	20,400,000.00
4% MRK SEC BDS 2026	25,000,000	100.400	25,100,000.00
3.25% AXI UNS 2026 S1	15,000,000	101.400	15,210,000.00
3.75% AXI UNS 2029 S2	10,000,000	101.510	10,151,000.00
Total:			1,868,273,721.79

Market Capitalisation as at 31 December 2019 (continued)

Security	No of Shares	Close Price	Capitalisation in Euro
Malta Government Stocks			
5.5% MGS 2023	78,811,283	120.030	94,597,182.98
5% MGS 2021	458,844,653	108.380	497,295,834.92
5.1% MGS 2022	71,047,725	114.090	81,058,349.45
5.2% MGS 2020	52,407,462	102.730	53,838,185.71
4.6% MGS 2020 (II)	158,327,200	101.800	161,177,089.60
5.25% MGS 2030	440,165,700	148.730	654,658,445.61
7% MGS 2020 (III)	430,700	100.000	430,700.00
7% MGS 2021 (II)	466,000	100.000	466,000.00
7% MGS 2021 (III)	2,858,800	100.000	2,858,800.00
5.2% MGS 2031 (I)	201,343,600	152.510	307,069,124.36
4.3% MGS 2022 (II)	240,169,400	110.740	265,963,593.56
5.1% MGS 2029 (I)	79,144,900	144.430	114,308,979.07
7% MGS 2022 (III)	1,318,800	100.000	1,318,800.00
4.8% MGS 2028 (I)	107,029,500	140.400	150,269,418.00
4.5% MGS 2028 (II)	286,651,500	139.500	399,878,842.50
4.65% MGS 2032 (I)	140,454,200	149.000	209,276,758.00
7% MGS 2023 (II)	2,404,400	149.390	3,591,933.16
3.35% MGS 2020 (IV)	64,040,000	105.056	67,278,118.56
3.3% MGS 2024 (I)	24,051,100	116.460	28,009,911.06
4.45% MGS 2032 (II)	153,111,700	146.910	224,936,398.47
4.3% MGS 2033 (I)	150,699,900	147.370	222,086,442.63
7% MGS 2024 (II)	1,135,000	154.070	1,748,694.50
2% MGS 2020 (V)	138,484,400	102.010	141,267,936.44
4.1% MGS 2034 (I)	200,075,700	147.550	295,211,695.35
3% MGS 2040 (I)	162,276,100	146.000	236,923,106.00
2.3% MGS 2029 (II)	143,518,400	120.750	173,298,468.00
7% MGS 2025 (I)	2,007,900	158.170	3,175,895.43
1.5% MGS 2022 (IV)	63,396,700	104.960	66,541,176.32
2.5% MGS 2036 (I)	221,733,100	133.000	294,905,023.00
7% MGS 2026 (I)	734,400	161.320	1,184,734.08
2.4% MGS 2041 (I)	153,669,800	136.000	208,990,928.00
2.1% MGS 2039 (I)	159,102,100	130.000	206,832,730.00
1.4% MGS 2023 (III)	146,276,500	106.270	155,448,036.55
1.5% MGS 2027 (I)	90,954,500	111.100	101,050,449.50
2.2% MGS 2035 (I)	20,539,100	125.000	25,673,875.00
7% MGS 2027 (II)	1,096,800	100.000	1,096,800.00
7% MGS 2028 (III)	260,500	100.000	260,500.00
1.4% MGS 2024 (III)	201,000,000	107.610	216,296,100.00
1.85% MGS 2029 (III)	125,500,000	116.950	146,772,250.00
0.5% MGS 2025 (II)	83,500,000	103.030	86,030,050.00
7% MGS 2029 (IV)	2,522,400	100.000	2,522,400.00
0.5% MGS 2025 (II) FI NOV 19	90,000,000	102.896	92,606,760.00
FLTNG RT 6MTH EUR MGS 2020(VI)	47,850,000	101.436	48,536,934.60
Total:			6,046,743,450.42

Treasury Bills

91 DTB 03.10.19 - 02.01.20	19,000,000	100.103	19,019,570.00
91 DTB 24.10.19 - 23.01.20	15,000,000	100.104	15,015,555.00
91 DTB 07.11.19 - 06.02.20	12,000,000	100.104	12,012,444.00
91 DTB 14.11.19 - 13.02.20	13,000,000	100.102	13,013,260.00
91 DTB 28.11.19 - 27.02.20	15,000,000	100.105	15,015,750.00
91 DTB 05.12.19 - 05.03.20	30,000,000	100.106	30,031,650.00
91 DTB 12.12.19 - 12.03.20	38,000,000	100.107	38,040,660.00
90 DTB 19.12.19 - 18.03.20	40,000,000	100.105	40,042,040.00
90 DTB 27.12.19 - 26.03.20	42,000,000	100.108	42,045,192.00
182 DTB 11.07.19 - 09.01.20	2,000,000	100.175	2,003,504.00
182 DTB 05.09.19 - 03.05.20	2,000,000	100.190	2,003,798.00
181 DTB 19.09.19 - 18.03.20	4,000,000	100.207	4,008,264.00
182 DTB 10.10.19 - 09.04.20	26,000,000	100.186	26,048,334.00
182 DTB 21.11.19 - 21.05.20	10,000,000	100.195	10,019,500.00
182 DTB 05.12.19 - 04.06.20	5,000,000	100.203	5,010,155.00
273 DTB 01.08.19 - 30.04.20	2,000,000	100.251	2,005,018.00
273 DTB 17.10.19 - 16.07.20	20,000,000	100.246	20,049,260.00
364 DTB 25.07.19 - 23.07.20	2,000,000	100.334	2,006,676.00
364 DTB 26.09.19 - 24.09.20	3,000,000	100.320	3,009,585.00
Total:			300,400,215.00

IFSM

Turku Marine Industry Hold. OY Industry 5/17-5/32 Senior Bond	1,500,000	100.000	1,500,000.00
Turun Telakkakiinteistoet OY Real Estate 5/17-5/32 Senior Bond	16,000,000	100.000	16,000,000.00
True Sale GmbH True Sale 6/17-12/21 Senior Bond	14,200,000	100.000	14,200,000.00
True Sale GmbH True Sale 6/17-12/21 Junior Bond	14,200,000	100.000	14,200,000.00
Vera Emptio GmbH Senior Bond 9/17-12/24	15,300,000	100.000	15,300,000.00
Vera Emptio GmbH Junior Bond 9/17-12/24	15,300,000	100.000	15,300,000.00
NPL Securitisation Europe SPV SRL Fixed Rate Class A Notes 2036	20,000,000	100.000	20,000,000.00
6% Investar plc EUR Exchangeable Notes 2021	5,500,000	100.000	5,500,000.00
Quasar System SA AC Convertible Call. Zero Coupon Bonds 2021	71,500,000	100.000	71,500,000.00
Helix SCC plc - Finsion Life One 2022 USD	6,750,000	100.000	6,750,000.00
4.5% G2G plc Asset (Gold) Backed Notes Tranche 2019/1	3,000,000	100.000	3,000,000.00
PCAM Issuance III S.A. - BER USD 001 - Profit Contingent Secured Bonds	228,800,000	100.000	228,800,000.00
Total:			412,050,000.00

Market Capitalisation as at 31 December 2019 (continued)

Security	No of Shares	Close Price	Capitalisation in Euro
Prospects MTF			
Equities			
SFA SPA ORD SHARES	700,000	2.78	1,946,000.00
BDPH ORD SHARES	3,125,000	1.60	5,000,000.00
Total:			6,946,000.00
Corporate Bonds			
5.5% IGF UNSEC BDS 2024-2027	3,700,000	101.000	3,737,000.00
5.5% ANCHOVY UNSEC BDS 2027	1,000,000	102.500	1,025,000.00
4.75% ORN FIN EUR UNSEC BDS 2027	5,000,000	101.500	5,075,000.00
5.25% KLF PLC UNSEC EUR BDS 2027	2,000,000	100.000	2,000,000.00
4.875% AGH SEN SEC BDS 2024	1,784,000	101.000	1,801,840.00
5.5% AST PLC UNSEC EUR BDS 2028	1,835,000	100.000	1,835,000.00
5% JDC PLC UNSEC EUR BDS 2028	5,000,000	101.000	5,050,000.00
5% HHF PLC UNSEC EUR BDS 2023-2028	5,000,000	100.000	5,000,000.00
5% LUXURY LIVING FIN PLC SEC BDS 2028	8,000,000	101.900	8,152,000.00
5.35% DSM PLC UNSEC BDS 2028	7,500,000	99.950	7,496,250.00
5.75% PHC UNSEC BDS 2025-2028	5,000,000	101.000	5,050,000.00
5.5% TST BDS 2029	3,900,000	101.500	3,958,500.00
4.75% GLR SEC BDS 2028	5,000,000	102.000	5,100,000.00
5% BLF SEC CALL BDS 2026-2029	5,000,000	100.480	5,024,000.00
5% CVS UNSEC CALL BDS 2026-2029	5,000,000	98.000	4,900,000.00
5% HRZ SEC CALL BDS 2026-2029	2,000,000	103.000	2,060,000.00
5% FES FIN SEC BNDS 2029	5,000,000	101.000	5,050,000.00
4.25% CCF UNSEC CALL BDS 2024-2026	4,000,000	101.400	4,056,000.00
5% SMF SEC BDS 2029	5,000,000	101.980	5,099,000.00
5% BSB UNSEC BDS 2029	5,000,000	105.000	5,250,000.00
4.75% KAF SEC CALL BDS 2026-2029	6,000,000	102.200	6,132,000.00
5.5% YCT SEC CALL BDS 2021-2025	2,000,000	101.000	2,020,000.00
Total:			94,871,590.00

Collective Investment Funds Investing in MSE Listed Securities

Fund	Net Asset Value in EURO	
	31 Dec 18	31 Dec 19
Vilhena Funds Sicav plc - Malta Fund	43,155,120	44,292,334
Vilhena Funds Sicav plc - Malta Government Bond Fund	287,067,995	332,371,846
Vilhena Funds Sicav plc - Maltese Opportunities Fund	28,861,691	29,861,126
Vilhena Funds Sicav plc - Maltese Equity Focus Fund	15,998,362	18,881,611
Vilhena Funds Sicav plc - Malta Bond Fund	158,575,977	167,070,374
Global Funds Sicav plc - Malta Privatisation and Equity Fund	2,527,105*	802,429
Amalgamated Funds Sicav plc - Growth and Income Fund	78,235,850**	76,480,234**
APS Funds SICAV plc - APS Income Fund	78,570,822	89,480,375
HSBC Malta Funds Sicav plc - Malta Bond Fund	139,233,598	149,148,359
HSBC Malta Funds SICAV plc - Malta Government Bond Fund	115,389,275	116,930,952
HSBC Malta Funds SICAV plc - Maltese Assets Fund	43,469,321	47,897,609
Calamatta Cuschieri Funds SICAV plc - Malta Government Bond Fund	12,534,020	19,012,307
Calamatta Cuschieri Funds SICAV plc - Malta Income Fund Class A EUR Accumulation Investor Shares	2,319,401	4,097,784
Calamatta Cuschieri Funds SICAV plc - Malta Income Fund Class B EUR Distribution Investor Shares	5,211,715	9,771,210
Kylin Prime SICAV plc - Malta Government Securities Fund Class A EUR MGS Shares	-	432,159

*Valuation Date as at 5 May 2015

**Valuation Date only available as at 31 October each year.

Securities Listed on the Regulated Main Market as at 31 December 2019

Equities	25
Corporate Bonds	70
Government Stocks	43
Treasury Bills	19
Collective Investment Schemes	124 Funds - Primary Listed 8 Funds - Secondary Listed
TOTAL	289

IFSM Listed Securities as at 31 December 2019

Equities	-
Corporate Bonds	12
TOTAL	12

Securities Admitted on the Prospects MTF Market as at 31 December 2019

Equities	2
Corporate Bonds	22
TOTAL	24

Admissions During 2019

Equities

203,595,310	BMIT Technologies plc Ordinary Shares
150,505	FIMBank plc Ordinary Shares
53,077,206	Bank Of Valletta plc Ordinary Shares
21,440,950	RS2 Software plc Ordinary Shares
16,853,044	FIMBank plc Ordinary Shares
664,938	Santumas Shareholdings plc Ordinary Shares
12,000,003	Trident Estates plc Ordinary Shares

Corporate Bonds

20,000,000	4% International Hotel Investments plc Unsecured € Bonds 2026
13,500,000	4.5% Endo Finance plc Unsecured € Bonds 2029
11,500,000	3.75% Mercury Projects Finance plc Secured € Bonds 2027
11,000,000	4.25% Mercury Projects Finance plc Secured € Bonds 2031
40,000,000	3.65% Gap Group plc Secured € Bonds 2022
12,000,000	4% SP Finance plc Secured € Bonds 2029
20,000,000	3.75% TUM Finance plc Secured € Bonds 2029
50,000,000	3.75% Bank of Valletta plc Unsecured Subordinated € Bonds 2026-2031
20,000,000	5.9% Together Gaming Solutions plc Unsecured Callable € Bonds 2024-2026
15,000,000	3.65% Stivala Group Finance plc Secured € Bonds 2029
25,000,000	4% Merkanti Holdings plc Secured € Bonds 2026
80,000,000	3.8% Hili Finance Company plc Unsecured € Bonds 2029
32,202,000	4% MeDirect Bank (Malta) plc Sub Unsecured € Bonds 2024-2029
2,417,000	4% MeDirect Bank (Malta) plc Sub Unsecured £ Bonds 2024-2029
15,000,000	3.25% AX Group plc Unsecured € Bonds 2026 Series I
10,000,000	3.75% AX Group plc Unsecured € Bonds 2029 Series II

Malta Government Stocks

13,000,000	1.85% Malta Government Stock 2029 (III) FI March 2019
67,000,000	1.4% Malta Government Stock 2024 (III) FI March 2019
28,500,000	0.5% Malta Government Stock 2025 (II)
71,500,000	1.85% Malta Government Stock 2029 (III) Fungibility Issue (FI)
55,000,000	0.5% Malta Government Stock 2025 (II) FI September 2019
25,000,000	1.85% Malta Government Stock 2029 (III) FI September 2019
2,522,400	7% Malta Government Stock 2029 (IV)
90,000,000	0.5% Malta Government Stock 2025 (II) FI November 2019

Treasury Bills

1,193,900,000	82 issues of Treasury Bills
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Collective Investment Schemes

1 sub-fund	Kylin Prime Fund Sicav plc
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Institutional Financial Securities Market

3,000,000	4.5% G2G plc Asset (Gold) Backed Notes Tranche 2019/1
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Prospects MTF

Equities

3,125,000	Best Deal Properties Holding plc Ordinary Shares
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Corporate Bonds

3,900,000	5.5% Testa Finance plc € Bonds 2029
5,000,000	5% Borgo Lifestyle Finance plc Secured Callable € Bonds 2026-2029
2,000,000	5% Horizon Finance plc Secured Callable € Bonds 2026 - 2029
5,000,000	5% The Convenience Shop (Holding) plc Unsecured Callable € Bonds 2026 - 2029
5,000,000	5% FES Finance plc Secured € Bonds 2029
4,000,000	4.25% Calamatta Cuschieri Finance plc Unsecured Callable € Bonds 2024-2026
5,000,000	5% Smartcare Finance plc Secured € Bonds 2029
5,000,000	5% Busy Bee Finance plc Unsecured € Bonds 2029
6,000,000	4.75% KA Finance plc Secured Callable € Bonds 2026-2029
2,000,000	5.5% Yacht Lift Malta plc Secured Callable € Bonds 2021-2025

Information Technology

An exercise was performed by independent external providers in 2019 to assess the MSE's information security set-up to detect any areas for improvement. Recommendations emanating from this exercise were implemented to strengthen the security infrastructure and procedures, where necessary. Further assessments were performed for the competent authorities on information security through the Cyber Resilience Survey, as well as on our SWIFT infrastructure through the SWIFT Customer Security Controls Framework.

Staff training and awareness sessions in the areas of combating cybercrime were held to enhance the staff's knowledge on cyber threats and how these could be mitigated. Throughout the year, members of staff attended courses organised by the MSE Institute on Cyber Security, Fraud Prevention and Information Security Governance.

As reported above, the MSE, as a Partner Exchange of Deutsche Börse, successfully migrated from the Xetra trading architecture to the T7 trading platform in the first quarter of 2019.

The CSD link with Clearstream AG was also updated to adapt to the migration project for corporate action servicing undertaken by Clearstream.

In the course of 2019, work on improvements to the design and architecture of the website commenced to make the website more accessible and functional via mobile devices. This project is scheduled to be completed in 2020.

National Numbering Agency

A total of 384 International Securities Identification Numbers (ISINs) were issued in 2019. Of these, 113 ISINs were issued for financial instruments listed on the MSE, and another 271 were issued for unlisted financial instruments.

Reporting in Line with the European Markets Infrastructure Regulation

Two new delegating counterparties signed agreements with existing reporting counterparties to report their trades using the Exchange's reporting service. At the end of the year, 17 counterparties and 88 delegating counterparties were using this service. In total, 1,599 trades were reported through the MSE's reporting facility in 2019.

Malta Stock Exchange Institute

The Institute was licenced in 2019 by the National Commission for Further and Higher Education (NCFHE) as a Further Education Institute. This allows the Malta Stock Exchange Institute to offer training that is accredited up to MQF level 4.

The Malta Stock Exchange Institute continued to improve during its second full year of operations. In total, the Institute attracted 1,349 attendees, a significant increase of 41% when compared to the 957 in 2018. A total of 89 courses were organised consisting of 63 unique courses covering an even broader range of subjects than the previous year, entering into new areas such as business ethics; various aspects of Distributed Ledger Technology; tax and VAT reporting obligations; and directors' liabilities, among others.

All the courses were run by lecturers who are academically qualified as well as practising professionals, ensuring that the courses are interesting, educational and intuitive to give the attendees the best possible learning experience. Most of the courses were supported by the various entities and organisations that provided the lecturers to run the courses.

The Institute will continue to pursue its strategy of addressing the need among financial services practitioners to be kept abreast of regulatory developments, as well as being updated on market developments, technology, risk and cyber security. Retail investors will also continue to be offered educational courses that are aimed at increasing their level of financial literacy and assist them in developing personal financial plans and investment strategies. This is an area that will be given more importance in view of the need for people to be more financially responsible and aware, as well as to enable them to plan for their future.

For the first time, the Malta Stock Exchange Institute entered into an agreement with four European entities, namely FVB S.R.L. (Italy), Coopération Bancaire Pour L'Europe (Belgium), Fondazione Luigi Clerici (Italy) and Lidi Smart Solutions (Netherlands) to create and innovate teaching materials that will seek to address the level of participation of entrepreneurs in the digital evolution of processes through the adoption of Digital Ledger Technologies. This innovative project is funded by Erasmus Plus, following approval of the application by the National EU Programmes Agency. The project, called Transition, will be led and co-ordinated by the Malta Stock Exchange Institute and will run for 26 months, until December 2021.



The Malta Stock Exchange Institute would like to thank the following sponsors:

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STATEMENT OF COMPLIANCE

WITH THE CODE OF
PRINCIPLES OF GOOD
CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

For the Year Ended 31 December 2019

The Malta Stock Exchange (the “Exchange”) supports the Code of Principles of Good Corporate Governance (the “Code” or the “Principles”) published as Appendix 5.1 to Chapter 5 of the Listing Rules of the Malta Financial Services Authority. The Exchange is committed to observing the principles of transparent, responsible corporate governance and the Board of Directors has voluntarily adopted this Code.

Part 1: Compliance with the Principles

The Board of Directors (the “Board”) considers compliance with the Code to constitute an important means to maintain the confidence of present and future shareholders, creditors, employees, market participants and the public. The Board has taken the necessary measures for the Exchange to comply with the main principles of the Code to the extent that these were considered appropriate and complementary to the size, nature and operations of the Exchange.

Pursuant to a Board decision, the Exchange is hereby presenting a statement of compliance for the year ended 31 December 2019, which details the extent to which the Code has been adopted, as well as the effective measures taken by the Exchange to ensure compliance with the Code.

Principle 1: Roles and responsibilities of the Board

The Exchange is headed by an effective Board and the composition of the Board during the period ensured that the Exchange was led and controlled by individuals who have the necessary skills and diversity of experience. Besides having a broad range of knowledge of the Exchange, the Board is also conversant with the applicable statutory and regulatory requirements.

The Board exercises prudent and effective controls which enables risks to be assessed. The Board is responsible for accountability, monitoring, strategy formulation and policy development and supplements the management team in delivering sustainable added value for its shareholder. The Board considers strategic issues, key projects and regularly monitors performance against delivery of key targets.

Principle 2: Roles and responsibilities of the Chairman and the Chief Officer

The Exchange clearly distinguishes between the roles and responsibilities of the Executive Chairman and the Chief Officer, thus ensuring that no one individual or small group of

individuals have unfettered powers of decision. The roles of the Executive Chairman and the Chief Officer were held separately during the period to ensure that there was a clear distinction between the running of the Board and the running of the business of the Exchange. The Executive Chairman is engaged on a part-time basis and, in addition to the responsibilities stipulated in the Code, also oversees all Exchange affairs with a particular emphasis on Board matters, managing public relations, marketing and business development initiatives. This is not considered to be of concern to the Exchange, as the Chairman undertakes to maintain in all circumstances his independence of analysis, decision and action. The Chairman is responsible for managing the Board’s agenda, ensures that the Directors of the Board receive timely information, ensures effective communication with shareholders, and encourages active engagement by all members of the Board during meetings.

Principle 3: Board composition and appointment of directors

The Board is composed of an Executive Chairman and four independent non-executive Board Members, thus is not so large as to be unwieldy while being of sufficient size that the balance of skills and experience is appropriate for the requirements of the business. In addition, any changes to the Board’s composition can be managed without undue disruption.

The Board considers that all non-executive Directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The members of the Board have the balance of knowledge and experience as well as a strong non-executive presence to allow continued scrutiny of performance, strategy and governance.

The Board believes that the independence of its Directors is not compromised because of long service or the provision of any other service to the Exchange. Each Director is mindful of maintaining independence, professionalism and integrity in carrying out his/her duties, responsibilities, whilst providing judgement as a Director of the Exchange.

The Board considers that none of the independent Directors of the Exchange:

- is or has been employed in any capacity by the Exchange;
- has or has had, over the past three years, a significant business relationship with the Exchange;
- has received or receives significant additional remuneration from the Exchange in addition to his/her director’s fee;

- has close family ties with any of the Exchange's executive directors or senior employees; and
- has been within the last three years an engagement partner or a member of the audit team or past external auditor of the Exchange.

In terms of Code Principle 3.4, every Non-Executive Director has declared in writing to the Board that he/she undertakes:

- to maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- to clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm the Exchange.

Principle 4 and 5: Duties and proceedings of directors

The Board has the first level responsibility of executing the four basic roles of corporate governance namely; accountability, monitoring, strategy formulation and policy development. The Board has responsibility for overseeing the strategic planning process and reviewing and monitoring management's execution of policy and strategy. The Board assesses and monitors on a continuous basis the Exchange's present and future operations, opportunities, threats and risks in the external environment and current and future strengths and weaknesses. On a monthly basis, the Board monitors performance and reports to its satisfaction.

The Board ensures that its level of power is known by all Directors and senior management of the Exchange, however the Board delegates certain powers, authorities and discretions to the Audit Committee.

The Board meets twelve times a year unless further meetings are required in accordance with the needs of the Exchange. Board members are given ample opportunity during meetings to discuss issues set on the Board Agenda and convey their opinions. Minutes are taken during Board meetings that record faithfully attendance and decisions. These minutes are subsequently circulated to all the Directors as soon as practicable after the meeting.

Each Director is expected to attend all meetings of the Board and Board committees of which the Director is a member. The Board recognises that occasional meetings may need to be scheduled on short notice when the participation of a Director is not possible and that conflicts may arise in time schedules that will prevent a Director from attending or participating in a regularly scheduled meeting.

Principle 6: Information and professional development

All Directors are supplied with precise, timely and clear information so that they can effectively contribute to Board decisions. The Exchange is committed to provide adequate and detailed induction training to Directors who are newly appointed to the Board. Directors are encouraged to engage directly with any member of management regarding any questions or concerns the Directors may have.

The Exchange firmly believes in the professional development of all the members in the organisation and training opportunities are provided for the Exchange's employees and the Directors to keep abreast of current technological, regulatory and operational trends and practices. All tools are made available to the Board and the Chief Officer in order to monitor management and staff morale and ensure an adequate succession plan is in place including the provision of options for recruitment and appointment of senior management.

All Directors have access to independent professional advice at the expense of the Exchange, where necessary, and they have access to the advice and services of the Company Secretary at all times.

Principle 8: Board committees

The Board has established the following Committees:

- Audit Committee;
- Risk Management Committee; and
- Remuneration Committee.

Board Committees present a report of their activities to the Board on an annual basis.

Audit Committee

The Board delegates certain powers, authorities and discretions to the Audit Committee. The Audit Committee's primary role is to protect the interests of the Exchange's Shareholder and support the Board in terms of quality control of the Exchange's financial reporting process, internal controls and in managing the Board's relationships with the External Auditors.

This Committee approves the internal audit work plan, which will include assessment of controls relating to financial reporting and other risks as appropriate. The Internal Audit Working Committee and the outsourced Internal Auditor have direct access to the Audit Committee Chairman.

The terms of reference of the Audit Committee include, amongst other matters:

- to assist the Board in fulfilling its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- to assess the scope and effectiveness of systems established by Management, to identify, assess, manage and monitor financial and non-financial risks;
- to establish and review accounting systems and internal control procedures as well as any matters raised by the external auditor and the internal auditors, and monitor these on a regular basis;
- to review and assess the methodology and robustness of the Exchange's annual budget as presented by management and make recommendations to the Board;
- to determine whether the financial statements have been prepared following appropriate accounting standards;
- to make recommendations to the Board regarding the approval of the Budget and the Financial Statements;
- to maintain communications on such matters between the Board, Management, External Auditors and Internal Audit; to receive updates and note management's responsiveness

- to the internal auditors' findings and recommendations in relation to financial operations, procedures, reporting, requirements and related matters;
- to consider and make recommendations to the Board on the appointment, re-appointment and/or removal of External Auditors;
- to approve and make recommendations to the Board with regard to the qualifications, expertise, resources, effectiveness and independence of the External Auditors and to recommend relevant terms of engagement and remuneration of the external auditors;
- to discuss with the External Auditors the findings of the auditors and to review management letter and responses of management prior to submission to the Board.

The members of the Audit Committee as at 31 December 2019 are the following:

Mr Steven Tedesco (Chairman)
 Prof. Tanya Sammut-Bonnici
 Mr Joseph Portelli
 Ms Charmaine Baldacchino

Mr Tedesco and Prof. Sammut-Bonnici are independent non-executive directors. Mr Tedesco has been appointed by the Board of Directors to act as Chair to the Audit Committee. Ms Baldacchino is the Exchange's Chief Financial Officer and is competent in accounting and auditing. All members of the Audit Committee have extensive experience in the financial services sector.

The Audit Committee met seven times during 2019. The External Auditors were invited to and attended one of these meetings to discuss the 2018 Annual Report. The Chair of the Internal Audit Working Committee attended the meetings of the Audit Committee in 2019 while the Internal Auditor attended three Audit Committee meetings in 2019.

Risk Management Committee

The role of the Risk Management Committee is to assist and support the Board in determining the strategic direction of the organisation and the creation of the appropriate environment and structures for risk management to operate effectively.

The terms of reference of the Risk Management Committee include, amongst other matters:

- to have responsibility for the design, implementation and maintenance of effective risk management in order to minimize the probable occurrence of risk and the impact on its business;
- to identify the nature and extent of risk acceptable to the Exchange in respect of its activities and the probability of such risks becoming a reality;
- to monitor the effectiveness of the risk management process and to review and assess the Exchange's Risk Management Policy on a regular basis and to have oversight of risk management related matters in order to ensure compliance with the strategy laid down by the Board giving due regard all the Exchange's procedures including Business Contingency Arrangements;

- to assist and support the strategy set out by the Board to ensure best practice to mitigate risk in order to reduce the risk of impairment to the Exchange's integrity and reputation.

The members of the Risk Management Committee as at 31 December 2019 are the following:

Prof. Joseph Falzon (Chairman)
 Dr Abdalla Kablan
 Mr Joseph Portelli
 Mr Simon Zammit
 Mr Alfred Sammut
 Ms Charmaine Baldacchino
 Ms Marie Cordina

The Risk Management Committee met four times during 2019.

Remuneration Committee

The role of the Remuneration Committee is to devise the appropriate packages needed to attract, retain and motivate senior management with the right qualities and skills for the proper management of the Exchange. The Remuneration Committee is responsible to discuss and recommend to the Board any variable elements of the remuneration of senior management.

The members of the Remuneration Committee as at 31 December 2019 are the following:

Mr Steven Tedesco (Chairman)
 Prof. Tanya Sammut-Bonnici
 Mr Joseph Portelli

The Remuneration Committee which was formed by resolution of the Board in July 2019 did not meet during the year.

Principle 9 and 10: Relations with shareholder and with the market

The Board ensures that the Exchange communicates with the market effectively and is committed to having an open and communicative relationship with its shareholder, market participants and investors.

The Board is, as far as possible, prepared to enter into a satisfactory dialogue with market intermediaries based on the mutual understanding of objectives.

Principle 11: Conflict of interest

The Directors' primary responsibility is always to act in the interest of the Exchange and its shareholder irrespective of who appointed them to the Board and thus follow procedures to manage conflicts of interest. In accordance with the provisions of the Articles of Association of the Exchange, a Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Exchange shall declare the nature of his interest at a meeting of the Directors and shall not vote at a meeting of Directors in respect of any

transaction, contract, or arrangement in which he/she has a personal material interest.

Principle 12: Corporate social responsibility

The Exchange remains committed to being a responsible company and making a positive contribution to society and the environment and to create long-term value for society, the economy and its business. The Exchange is committed to playing a leading and effective role in Malta's sustainable development of the capital markets and continues to support a number of different initiatives aimed at supporting the local community.

Part 2: Non-compliance with the Principles

Principle 4: Succession policy for directors

Whereas Code provision 4.2.7 requires Directors to develop a succession policy for the future composition of the Board, and particularly the executive component thereof, this is not considered to be applicable in view of the fact that the Board is composed solely of non-executive members, except for the Chairman.

Whereas Code provision 4.5 requires Directors to benchmark business risk and key performance indicators against industry norms, this is not considered to be applicable given that the Exchange is the only regulated market in Malta and comparing its activity to foreign exchanges may be misleading due to size and differences in the business models.

Principle 7: Evaluation of the Board's performance

The Board reports directly to the sole Shareholder of the Exchange, being the Government of Malta. Should the Board not perform as expected, the Shareholder would change its composition. No material changes in the governance structures and organisation resulted during 2019.

Principle 8: Audit committee

The Audit Committee is composed of two non-executive directors, one executive director and one member of the senior management. Whilst the Committee is not composed entirely of non-executive directors, this is not considered to be of concern given that there is no undue influence by the executive members on recommendations made by the non-executive members of the same Committee.

Principle 8: Nomination and remuneration committee

The policy for remuneration of Directors does not fall within the remit of the Board. The Exchange constituted a Remuneration Committee; however, it does not discuss and decide on the remuneration of the Directors and therefore its composition, which includes the executive Chairman, will not impinge on its duties.

The Nominations committee for the appointment of new Directors to the Board is not considered applicable to the Exchange, given that the Shareholder has all the rights to appoint the members of the Board.

Principle 9: Relations with shareholders and with the market

Procedures in favour of minority shareholders as required by the Code are not applicable as the Exchange's sole Shareholder is the Government of Malta.

Internal Control

The Board is ultimately responsible for the identification and evaluation of key risks applicable to the different areas of the operations of the Exchange, and for ensuring that proper systems of internal control are in place. The Board has delegated Management with the task of creating an effective control environment to the highest possible standards.

As from 2019, the Board has outsourced the Internal Audit function to an independent auditor who (a) reviews and carries out testing of compliance with policies, standards and procedures; and (b) tests the effectiveness of the internal control environment within the Exchange. The Internal Auditor reports findings to the Audit Committee.

Additionally, the Internal Audit Working Committee meets periodically to discuss specific procedures and performs tests of control on selected areas. The Internal Audit Working Committee is made up of the Chief Human Resources and Corporate Services Officer, the Assistant General Manager Board and Executive Secretariat, Assistant General Manager IT, Manager Compliance and Manager CSD. The Internal Audit Working Committee reports findings to the Audit Committee.

Annual General Meeting

The Annual General Meeting (AGM) is called by a fourteen-day notice and is conducted in accordance with Companies Act and the Exchange's Memorandum and Articles of Association. At an AGM, what is termed as "ordinary business" is transacted, namely declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and the auditors, the election of the Directors in the place of those retiring and the appointment of and the fixing of the remuneration of, the Directors and the auditors. Other business which may be transacted at a general meeting (including at the Annual General Meeting) will be dealt with as "Special Business".

No business shall be transacted at any general meeting unless a quorum of members is present in person or by proxy at the time when the meeting proceeds to business. Save where a member or members present in person or by proxy holding at least fifty-one per cent (51%) of the voting rights of the ordinary shares in the Company shall be a quorum. The Chairman of the Board of Directors shall preside as chairman at every general meeting of the Exchange, unless as prescribed within the Articles of Association, the Directors present shall elect one of their number, to be chairman of the meeting. At any general meeting a resolution put to the vote at the meeting shall be determined and decided upon by a show of hands.

DIRECTORS' REPORT

For the Year Ended 31 December 2019

The directors have prepared this directors' report in accordance with article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta) including the further provisions as set out in the Sixth Schedule, together with the financial statements of Malta Stock Exchange plc (the "Company" or the "Exchange"), for the year ended 31 December 2019.

Principal activity, risks and uncertainties

The Company was set up with its principal objective being that of maintaining facilities to ensure an orderly and efficient market place for securities' trading. The Company also provides clearing, settlement, depository and other security related services.

The Company is subject to a number of risks and uncertainties, many of which are out of its control. A severe slowdown in economic conditions locally may have a negative effect on share and bond prices putting pressure on market capitalisations and adversely affecting the Company's revenues.

Likewise, should a local company experience a credit default, investor appetite for corporate bonds will diminish. Also, given that the Maltese Treasury is the Company's largest revenue source, any curtailment of Maltese Government debt issuance will have a deleterious effect on earnings.

There are also the risks of foreign stock exchanges, and local entrants competing with the Company locally. Technological innovations within the Fintech sector and adverse regulatory changes could also put pressure on the Company's earnings. Reputational issues, litigation and adverse court rulings could also negatively affect the Company.

Review of business development and financial position

During the year 2019, the Company generated a profit before tax of EUR 4,105,515 (2018: EUR 3,509,407). The increase in profitability for the year was driven by an increase in revenue streams and in other income. Total assets as at 31 December 2019 stood at EUR 13,319,337 (2018: EUR 11,689,352) while Capital and Reserves stood at EUR 10,238,451 (2018: EUR 9,290,313). The Statement of Profit or Loss and Other Comprehensive Income is set out on page 55 and the movements in the reserves are disclosed in the Statement of Changes in Equity on page 56.

Dividends

The Company paid total net dividends of EUR 1,500,000 (2018: EUR 1,500,000). The Directors do not propose further dividend distributions for the year.

Reserves

The Directors propose that retained earnings amounting to EUR 7,716,466 (2018: EUR 6,359,854) be carried forward to the next financial year.

Regulatory sanctions

The Directors confirm that no regulatory breaches were reported during 2019 and no regulatory sanctions were imposed on the Malta Stock Exchange plc by the Competent Authority during the year.

Events after the reporting date

Following the outbreak of the COVID-19 pandemic, the directors are monitoring the situation and taking immediate action to safeguard the interests of the Company. To date the Company is operating as normal.

The directors are of the opinion that it is premature to comment on the consequences of the events that are still unfolding and that they cannot make an estimate of the financial effect that these events may have on the Company. These events may adversely affect the Company's current and future performance and future financial position. The financial statements do not include any adjustments that may be required should the Company not realise the full value of its assets and discharge its liabilities in the normal course of business as a result of the prevailing situation.

No adjusting or other significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation of these financial statements by the board.

Future developments

The Company's focus for the coming year is to continue its business and product development efforts within a number of different markets. The Exchange will be increasing its efforts to conclude the necessary legal and regulatory amendments for Real Estate Investment Trusts (REITs), and Green Bonds to become eligible for listing and trading. The Exchange will continue to execute on its public relations and international promotion strategy with a view to expand its business. The Exchange will also continue to actively explore opportunities within Fintech space and will continue to improve efficiency and scope in the now established operations of Prospects MTF and the Malta Stock Exchange Institute Limited.

Directors

The directors who served the Company during the year were:

Mr. Joseph Portelli (Chairman)
Prof. Joseph Falzon (Deputy Chairman)
Dr. Abdalla Kablan
Prof. Tanya Sammut-Bonnici
Mr. Steven Tedesco

In accordance, with the Company's articles of association, the present directors are to remain in office.

Auditors

A resolution to reappoint Grant Thornton as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 28 April 2020 and signed on its behalf by:



JOSEPH PORTELLI
Chairman



JOSEPH FALZON
Deputy Chairman

Registered office
Garrison Chapel
Castille Place
Valletta VLT 1063
Malta

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap 386 enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2019**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 EUR	2018 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,047,933	574,856
Intangible assets	6	52,167	46,552
Investment in equity accounted investee	7	10,478	11,842
Financial assets at FVOCI	8	467,203	1,698,035
Deferred tax asset	9	62,476	18,051
Other financial assets	10	3,150,000	375,000
		4,790,257	2,724,336
Current assets			
Trade and other receivables	11	2,326,237	2,291,092
Cash and cash equivalents	12	5,281,285	3,134,372
Other financial assets	10	884,000	3,539,552
Current tax asset		37,558	-
		8,529,080	8,965,016
TOTAL ASSETS		13,319,337	11,689,352
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13.1	2,500,000	2,500,000
Fair value reserve	13.3	405	409,179
Social responsibility fund	13.4	21,580	21,280
Retained earnings		7,716,466	6,359,854
		10,238,451	9,290,313
Non-current liability			
Lease liabilities	16	356,058	-
		356,058	-
Current liabilities			
Bank borrowings	14	875	2,098
Trade and other payables	15	2,605,263	2,375,721
Lease liabilities	16	118,690	-
Current tax liability		-	21,220
		2,724,828	2,399,039
Total liabilities		3,080,886	2,399,039
TOTAL EQUITY AND LIABILITIES		13,319,337	11,689,352

The accounting policies and explanatory notes found on pages 58 to 80 form an integral part of the financial statements.

The financial statements on pages 54 to 80 have been authorised for issue by the Board of Directors on 28 April 2020 and were signed on its behalf by:



Joseph Portelli
Chairman



Joseph Falzon
Deputy Chairman

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 EUR	2018 EUR
Revenue	17	7,060,281	6,831,615
Cost of revenue	18	(184,189)	(193,809)
Gross profit		6,876,092	6,637,806
Administrative expenses	18	(3,411,569)	(3,226,896)
Impairment allowances		(10,681)	(27,045)
Operating profit		3,453,842	3,383,865
Share of loss in equity accounted investee	7	(1,364)	-
Rental income		42,800	12,315
Income from financial assets at FVOCI	19	585,245	59,153
Finance income	20	48,702	54,074
Finance costs	20	(23,710)	-
Profit before tax		4,105,515	3,509,407
Income tax expense	21	(1,248,603)	(1,201,806)
Profit for the year		2,856,912	2,307,601
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Financial assets at FVOCI:			
Net fair value gains / (losses)		405	(39,088)
Recycling to profit or loss on disposal		(409,179)	-
Other comprehensive loss for the year		(408,774)	(39,088)
Total comprehensive income for the year		2,448,138	2,268,513

The accounting policies and explanatory notes found on pages 58 to 80 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Notes	Issued capital EUR	Fair value reserve EUR	Social responsibility fund EUR	Retained earnings EUR	Total EUR
At 1 January 2018		2,500,000	448,267	22,070	5,551,463	8,521,800
Profit for the year		-	-	-	2,307,601	2,307,601
Other comprehensive loss for the year		-	(39,088)	-	-	(39,088)
Total comprehensive income		-	(39,088)	-	2,307,601	2,268,513
Net movement for the year	13.4	-	-	(790)	790	-
Transactions with owners of the Company						
Contributions and distributions						
Dividends declared and paid	13.2	-	-	-	(1,500,000)	(1,500,000)
At 31 December 2018		2,500,000	409,179	21,280	6,359,854	9,290,313
At 1 January 2019		2,500,000	409,179	21,280	6,359,854	9,290,313
Profit for the year		-	-	-	2,856,912	2,856,912
Recycling to profit or loss on disposal		-	(409,179)	-	-	(409,179)
Other comprehensive gain for the year		-	405	-	-	405
Total comprehensive income		-	(408,774)	-	2,856,912	2,448,138
Net movement for the year	13.4	-	-	300	(300)	-
Transactions with owners of the Company						
Contributions and distributions						
Dividends declared and paid	13.2	-	-	-	(1,500,000)	(1,500,000)
At 31 December 2019		2,500,000	405	21,580	7,716,466	10,238,451

The accounting policies and explanatory notes found on pages 58 to 80 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 EUR	2018 EUR
Operating activities			
Profit before tax		4,105,515	3,509,407
Adjustments for:			
Depreciation of property, plant and equipment	5	254,868	135,041
Amortisation of intangible assets	6	46,500	60,130
Finance income	19/20	(85,440)	(113,227)
Finance costs	20	23,710	-
Gain on disposal of financial assets at FVOCI	19	(548,507)	-
Share of loss in equity accounted investee	7	1,364	-
Impairment allowances		10,681	27,045
		3,808,691	3,618,396
Changes in:			
Trade and other receivables		(90,816)	(31,178)
Trade and other payables		229,542	61,219
Cash generated from operating activities		3,947,417	3,648,437
Income taxes paid		(1,351,806)	(1,260,118)
Net cash flows from operating activities		2,595,611	2,388,319
Investing activities			
Acquisition of property, plant and equipment	5	(126,567)	(276,988)
Acquisition of intangible assets	6	(52,115)	(5,858)
Proceeds from disposal of financial assets at FVOCI		1,835,045	-
Acquisition of financial assets at FVOCI		(466,841)	-
Interest received		119,937	95,156
(Placement) / Maturity of term deposits		(119,448)	375,037
Net cash flows from investing activities		1,190,011	187,347
Financing activities			
Dividends paid		(1,500,000)	(1,500,000)
Payments of lease liabilities		(113,776)	-
Interest paid		(23,710)	-
Cash flows used in financing activities		(1,637,486)	(1,500,000)
Net increase in cash and cash equivalents		2,148,136	1,021,576
Cash and cash equivalents at 1 January		3,132,274	2,110,698
Cash and cash equivalents at 31 December	12	5,280,410	3,132,274

The accounting policies and explanatory notes found on pages 58 to 80 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1 Reporting Entity

Malta Stock Exchange plc ("the Company") is a public limited company domiciled and incorporated in Malta.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) ("the Act").

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that debt investments are measured at fair value whilst associated undertakings are accounted for using the equity method.

2.3 Functional and presentation currency

These financial statements are presented in EURO (EUR) which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their descriptions as significant and critical in terms of the requirements of IAS 1 Presentation of Financial Statements.

2.5 Changes in accounting policies

The Company initially applied IFRS 16 Leases from 1 January 2019.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

The adoption of this new standard increased assets and financial liabilities by the same amount with no effect on net assets or retained earnings.

2.5.1 Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3.12.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

2.5.2 Company as a lessee

As a lessee, the Company leases office premises, the secondary site and motor vehicles. The Company previously classified these leases as operating leases. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for these leases – i.e. these leases are on-balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

2 Basis of Preparation *(continued)*

2.5 Changes in accounting policies *(continued)*

2.5.2 Company as a lessee *(continued)*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Previously, the Company classified property and motor vehicles leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the discounted present value of the remaining lease payments. The weighted average interest rate implicit in the lease / incremental borrowing rate applied to lease liabilities under IFRS 16 was 13.43%.

Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application: the Company applied this approach to its property and motor vehicles leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

2.5.3 Impact on transition

On transition to IFRS 16, the Company recognised lease liabilities of EUR 588,524 which represent the total present value of minimum lease payments and right-of-use assets of EUR 601,378 equal to the lease liabilities adjusted for prepaid lease payment of EUR 12,854 that existed at the date of transition.

3 Significant Accounting Policies

The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The accounting policies have been applied consistently during the years presented in these financial statements.

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007).

In 2019, the Company has elected to present separately the following items in the Statement of Financial Position and the related explanatory notes to the financial statements:

- Term deposits amounting to EUR 4,034,000 (2018: EUR 3,914,552), previously disclosed as part of Cash and cash equivalents, have been classified as Other financial assets.
- In the explanatory notes under Property, plant and equipment, property improvements have been separately disclosed from general electrical equipment. Accordingly, reclassifications have been made in the amounts disclosed in note 5 to reflect the proper classification of items of property, plant, and equipment.

The effect of changes in the reclassification of items in the financial statements and presentation in the notes disclosure did not have a material impact in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3 Significant Accounting Policies (continued)

3.1 Property, plant and equipment

3.1.1 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Improvements to premises	10 years
General electrical equipment	15 years
Computer hardware	5 years
Office furniture, fittings and other equipment	6 to 10 years
Land and buildings	5 years
Motor vehicles	5 to 7 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

3.1.2 Land and buildings and motor vehicles

Land and buildings and motor vehicles represent the right-of-use assets recognised on the application of IFRS 16. The accounting policy for these assets is explained in note 3.12.

3.2 Intangible assets

Intangible assets represent software licences acquired by the Company and which have finite useful lives. Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

3.2.1 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.2.2 Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on the straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful life for the current and comparative periods for software licenses is of 5 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3 Investment in equity accounted investee

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investment in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The financial statements include the Company's share in the income and expenses and equity movements of equity accounted investees from the date that significant influence commences until the date that significant influence ceases.

When the Company's share in losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3 Significant Accounting Policies (continued)

3.4 Financial instruments

3.4.1 Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

3.4.2 Classification and subsequent measurement

Financial assets

Financial assets, other than those designated and effective as hedging instruments are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI).

In the years presented, the Company does not have any financial assets categorised as FVTPL. The Company classifies its financial assets into one of the following categories: amortised cost (which includes trade and other receivables excluding prepayments and accrued income, other financial assets and cash and cash equivalents) and FVOCI (debt investments).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objectives is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model and how these risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3 Significant Accounting Policies (continued)

3.4 Financial instruments (continued)

3.4.2 Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL – These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI – These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI – These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade and other receivables which is presented as impairment allowances in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities – Classification, subsequent measurement and gains and losses

The Company's financial liabilities include bank borrowings, trade and other payables excluding deferred income and accruals and statutory liabilities, and lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted per transaction costs unless the Company designates a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest related charges are reported in profit or loss.

3.4.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3 Significant Accounting Policies *(continued)*

3.4 Financial instruments *(continued)*

3.4.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, the Company, currently has a legally enforceable right to set off the amounts and there is an intention either to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

3.5 Equity, reserves and dividend distribution

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period results less dividend distributions and transfers to the Social responsibility fund.

Dividend distribution payable to equity shareholders is included under short-term financial liabilities when the dividends are approved at the general meeting prior to the end of the reporting period.

Fair value reserve represents accumulated gains and losses relating to changes in fair value of financial assets at FVOCI.

Social responsibility fund represents the net amount of funds set aside by the Company for the purposes of supporting educational, philanthropic and cultural causes as well as to support the maintenance and refurbishment of Malta's historical heritage.

3.6 Impairment

3.6.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on: financial assets measured at amortised cost and on financial assets at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt investments that are determined to have low credit risk at the reporting date; and
- Other debt investments and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and financial assets at FVOCI are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3.6.2 Property, plant and equipment and intangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3 Significant Accounting Policies *(continued)*

3.6 Impairment *(continued)*

3.6.2 Property, plant and equipment and intangible assets *(continued)*

Impairment losses are recognised immediately in profit or loss. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.7 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the Statement of Financial Position, cash and cash equivalents consist of cash in hand and demand deposits at banks. Cash and cash equivalents presented in the Statement of Cash Flows is net of bank borrowings.

3.8 Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax expense are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.9 Revenue and expenses recognition

3.9.1 Revenue

Revenue arises mainly from fees received from members and stockbrokers and fees received related to listing, clearing, registration and trading of quoted and admitted securities and other related services.

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations;
- Recognising revenue when/as performance obligation(s) are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3 Significant Accounting Policies *(continued)*

3.9 Revenue and expenses recognition *(continued)*

3.9.1 Revenue *(continued)*

Revenue is measured based on the consideration specified in Exchange Notice 1 – Fees and Charges published by the Company. The Company recognises revenue either at a point in time or over time when it satisfies the performance obligations of the services delivered to counter parties. Deferred income is reported under Trade and other payables in the Statement of Financial Position.

Rental income

Rental income from short-term rental agreements is recognised on a straight-line basis over the term specified in the agreement.

Finance income

Finance income is accounted for on an accruals basis by reference to the principal amounts and the applicable interest rates.

3.9.2 Expenses

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income upon utilisation of the service or at the date of their origin.

3.10 Employee benefits

The entity pays fixed contributions towards the State pension in accordance with local legislation and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which the services are rendered by the employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3.11 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where it is expected that part or all of a provision is to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement.

3.12 Leases

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3 Significant Accounting Policies (continued)

3.12 Leases (continued)

Policy applicable from 1 January 2019 (continued)

Company as a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities under current and non-current liabilities in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the determination of whether an arrangement was, or contained a lease was based on the substance of the arrangement at inception date: whether fulfilment of the arrangement was dependent on the use of a specific asset or assets; or the arrangement conveyed a right to use the asset.

Company as a lessee

In the comparative period, the Company classified leases as operating leases and operating lease payments were recognised as an expense in profit or loss on a straight-line basis over the lease term.

Company as a lessor

Lease income from operating leases was recognised in profit or loss on a straight-line basis over the lease term.

3.13 New standards and interpretations endorsed by the EU not yet adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

4 Determination Of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for both measurement and disclosure purposes only based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Debt investments

The fair value of debt investments is determined by reference to their quoted closing bid price at the reporting date.

4.2 Lease liabilities

The fair value of lease liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the interest rate implicit in the lease / incremental borrowing rate.

4.3 Other financial assets and liabilities

The fair values of the other financial assets and liabilities measured at cost are not different from their carrying amount, in view of their short-term nature.

5 Property, Plant and Equipment

	Land & Buildings EUR	Improvements to Premises EUR	General Electrical Equipment EUR	Computer Hardware EUR	Office Furniture, Fittings and Other Equipment EUR	Motor Vehicles EUR	Total EUR
Cost							
At 1 January 2018	-	-	945,756	388,234	455,172	-	1,789,162
Reclassifications	-	289,464	220,456	433,162	427,991	-	1,371,073
As reclassified	-	289,464	1,166,212	821,396	883,163	-	3,160,235
Additions	-	118,977	60,711	56,746	40,554	-	276,988
At 31 December 2018	-	408,441	1,226,923	878,142	923,717	-	3,437,223
At 1 January 2019	-	408,441	1,226,923	878,142	923,717	-	3,437,223
Recognition of right-of-use assets on application of IFRS 16	543,629	-	-	-	-	57,749	601,378
Additions	-	27,013	31,665	19,403	48,486	-	126,567
At 31 December 2019	543,629	435,454	1,258,588	897,545	972,203	57,749	4,165,168
Accumulated depreciation							
At 1 January 2018	-	-	731,959	261,583	362,711	-	1,356,253
Reclassifications	-	90,099	369,672	433,060	478,242	-	1,371,073
As reclassified	-	90,099	1,101,631	694,643	840,953	-	2,727,326
Depreciation charge for the year	-	40,843	16,486	57,950	19,762	-	135,041
At 31 December 2018	-	130,942	1,118,117	752,593	860,715	-	2,862,367
At 1 January 2019	-	130,942	1,118,117	752,593	860,715	-	2,862,367
Depreciation charge for the year	115,433	42,205	12,858	55,070	17,596	11,706	254,868
At 31 December 2019	115,433	173,147	1,130,975	807,663	878,311	11,706	3,117,235

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

5 Property, Plant and Equipment (continued)

	Land & Buildings EUR	Improvements to Premises EUR	General Electrical Equipment EUR	Computer Hardware EUR	Office Furniture, Fittings and Other Equipment EUR	Motor Vehicles EUR	Total EUR
Carrying amount							
At 1 January 2018	-	-	213,797	126,651	92,461	-	432,909
Reclassifications	-	199,365	(149,216)	102	(50,251)	-	-
As reclassified	-	199,365	64,581	126,753	42,210	-	432,909
At 31 December 2018	-	277,499	108,806	125,549	63,002	-	574,856
At 1 January 2019	-	277,499	108,806	125,549	63,002	-	574,856
At 31 December 2019	428,196	262,307	127,613	89,882	93,892	46,043	1,047,933

6 Intangible Assets

	Computer Software EUR
Cost	
At 1 January 2018	1,115,114
Additions	5,858
At 31 December 2018	1,120,972
At 1 January 2019	1,120,972
Additions	52,115
At 31 December 2019	1,173,087
Accumulated amortisation	
At 1 January 2018	1,014,290
Amortisation during the year	60,130
At 31 December 2018	1,074,420
At 1 January 2019	1,074,420
Amortisation during the year	46,500
At 31 December 2019	1,120,920
Carrying amount	
At 1 January 2018	100,824
At 31 December 2018	46,552
At 1 January 2019	46,552
At 31 December 2019	52,167

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7 Investment In Equity Accounted Investee

In January 2012, the Company was allotted shares on the incorporation of European Wholesale Securities Market Limited ("the equity accounted investee"), a company set-up under the laws of Malta with the aim to provide a European Wholesale Securities Market (EWSM), a specialist market for wholesale fixed-income debt securities. EWSM was an EU regulated market, established in Malta and authorised by the Malta Financial Services Authority, which has now surrendered its licence and has been put into liquidation.

The Company has a 20% holding in European Wholesale Securities Market Limited, with the other shareholder being Irish Stock Exchange Limited holding 80%. The Company has invested a total of EUR 40,000 in the issued share capital of this equity accounted investee.

For the year ended 31 December 2019, the equity accounted investee sustained a loss of EUR 6,820 (2018: net profit of EUR 577), with shareholders' equity at year-end of EUR 52,391 (2018: EUR 59,774). In 2019, the Company recognised EUR 1,364 as share of loss in equity accounted investee in profit or loss; however, no share of profit or loss for the Company has been recognised in the prior year. The investment in the equity accounted investee stood at EUR 10,478 (2018: EUR 11,842) at 31 December 2019.

8 Financial Assets at FVOCI

Financial assets at FVOCI

a. The fair value of the financial assets is as follows:

	2019 EUR	2018 EUR
Malta Government Stocks	-	1,698,035
Corporate Bonds	467,203	-
	467,203	1,698,035

b. The amortised cost of the financial assets is as follows:

	Effective interest rate %	2019 EUR	2018 EUR
Malta Government Stocks	4.8	-	1,288,856
Corporate Bonds	3.7	466,798	-
		466,798	1,288,856

c. The revaluation balance of the financial assets (recognised in equity) is as follows:

	2019 EUR	2018 EUR
Malta Government Stocks	-	409,179
Corporate Bonds	405	-
	405	409,179

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

9 Deferred Tax Asset

9.1 Recognised deferred tax asset

Deferred tax asset is attributable to the following:

	2019 EUR	2018 EUR
Plant and equipment	45,384	8,978
Accrued investment income	(2,683)	(7,265)
Impairment allowances	19,775	16,338
	62,476	18,051

9.2 Movement in temporary differences during the year

	Balance 01/01/2018 EUR	Recognised in profit or loss EUR	Balance 31/12/2018 EUR	Recognised in profit or loss EUR	Balance 31/12/2019 EUR
Plant and equipment	15,362	(6,384)	8,978	36,406	45,384
Accrued investment Income	(3,989)	(3,276)	(7,265)	4,582	(2,683)
Impairment allowances	6,872	9,466	16,338	3,437	19,775
	18,245	(194)	18,051	44,425	62,476

10 Other Financial Assets

	2019 EUR	2018 EUR
Non-current assets:		
Term deposits with remaining maturities of more than one year	3,150,000	375,000
Current assets:		
Term deposits with remaining maturities of less than one year	875,000	3,530,552
Short-term bank guarantee	9,000	9,000
	884,000	3,539,552

Term deposits earn interest at an average of 1.20% (2018: 1.17%) per annum.

EUR 2,000,000 out of the total term deposits have been pledged against an overdraft facility which has not been utilised during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

11 Trade and Other Receivables

	2019 EUR	2018 EUR
Fees receivable net of impairment allowances (note 11.1)	2,156,040	2,107,587
Amounts due from related parties (note 11.2)	72,770	18,328
Prepayments and accrued income	97,327	165,177
Other receivables	100	-
	2,326,237	2,291,092

Information about the Company's exposure to credit risk and impairment losses on trade receivables is included in note 24.1.

11.1 As at the reporting date, the ageing analysis of fees receivable is as follows:

	Total EUR	Neither Past due nor impaired EUR	Past due but not impaired		
			>30 days EUR	60-90 days EUR	90 days and older EUR
2019	2,156,040	1,968,377	140,472	20,193	26,998
2018	2,107,587	1,838,552	87,913	118,460	62,662

Fees receivable, which are neither past due nor impaired, include trade receivables due from the Government of Malta, a related party, of EUR 432,559 (2018: EUR 422,813).

As at the reporting date, the Company had impairment allowances amounting to EUR 56,501 (2018: EUR 46,680).

11.2 Amounts due from related parties are unsecured, non-interest bearing and have no fixed date of repayment. The balance as at 31 December 2019 comprises EUR 51,851 (2018: EUR 15,836) due from Malta Stock Exchange Institute Limited and EUR 20,919 (2018: EUR 2,492) due from MSX plc.

12 Cash And Cash Equivalents

	2019 EUR	2018 EUR
Cash at banks	5,280,859	3,133,942
Cash in hand	426	430
Cash and cash equivalents as shown in the Statement of Financial Position	5,281,285	3,134,372
Bank borrowings (note 14)	(875)	(2,098)
Cash and cash equivalents as shown in the Statement of Cash Flows	5,280,410	3,132,274

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

13 Capital and Reserves

13.1 Share Capital

	2019 EUR	2018 EUR
Authorised		
5,000,000 ordinary shares of EUR 1 each	5,000,000	5,000,000
Issued and fully paid up		
2,500,000 ordinary shares of EUR 1 each	2,500,000	2,500,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13.2 Dividends

	2019 EUR	2018 EUR
Declared and paid during the year:		
Dividend on ordinary shares for 2019: EUR 0.60 (2018: EUR 0.60)	1,500,000	1,500,000

13.3 Fair value reserve

Fair value reserve comprises net fair value gains and losses recognised in OCI not available for distribution.

13.4 Social responsibility fund

The Company has setup a Social Responsibility Fund for the purpose of supporting educational, philanthropic and cultural causes as well as to support the maintenance and refurbishment of Malta's historical heritage. An annual contribution of EUR 17,307 (2018: EUR 15,000) was transferred from retained earnings into the Social Responsibility Fund. Any payments from such Social Responsibility Fund are subject to approval by the Board of Directors. As payments are effected, the expense is recognised in profit or loss with an equivalent transfer from the Social Responsibility Fund to retained earnings. The amount utilised during the year out of this Fund amounted to EUR 17,007 (2018: EUR 15,790).

14 Bank Borrowings

	2019 EUR	2018 EUR
Bank borrowings	875	2,098

These amounts represent overdrawn balances on credit card accounts.

15 Trade and Other Payables

	2019 EUR	2018 EUR
Trade payables (note 15.1)	63,650	154,052
Amounts due to related parties (note 15.2)	614,610	494,614
Deferred income	1,487,267	1,274,407
Accruals and other payables	126,986	138,687
Other taxes	312,750	313,961
	2,605,263	2,375,721

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

15 Trade and Other Payables (continued)

15.1 Trade payables are non-interest bearing and are normally settled on 60-day term.

15.2 Amounts due to related parties are unsecured, non-interest bearing and repayable on demand. These amounts include EUR 368,665 (2018: EUR 240,944) due to MSE (Holdings) Ltd, EUR 245,945 (2018: EUR 245,945) due to the Government of Malta and a nil balance was due to EWSM (2018: EUR 7,725).

16 Leases

16.1 Lease liabilities are presented in the Statement of Financial Position as follows:

	2019 EUR	2018 EUR
Non-current	356,058	-
Current	118,690	-
	474,748	-

16.2 The Company leases its office premises from its parent company for a period of 5 years, after which period the lease may be renewed. The annual rent on the property is currently at EUR 90,000 (2018: EUR 90,000). The Company also leases its secondary site from a third party for a period of 10 years, after which period the lease may be renewed. The property is subject to an annual rent of EUR 29,500 with an increase of 1.5% every year on the rent due during the immediately preceding year of the lease, currently at EUR 31,310 (2018: EUR 30,848). Additionally, the Company leases two cars from third parties, for periods between 5 to 7 years.

These leases are recognised as land and buildings and motor vehicles (right-of-use assets) under property, plant and equipment and lease liabilities in the Statement of Financial Position.

For leases over premises, the Company must keep the properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure and incur maintenance fees on such properties in accordance with the lease agreements.

16.3 The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised in the Statement of Financial Position:

Right-of-use assets	Office premises	Secondary site	Motor vehicles
No of right-of-use-assets leased	1	1	2
Range of remaining term (years)	3	6	3 - 6
Average remaining lease term (years)	3	6	4.5

16.4 The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2019 were as follows:

	Not later than one year EUR	Later than one year but not later than five years EUR	Later than five years EUR	Total EUR
Lease payments	137,956	379,813	8,686	526,455
Finance charges	(19,266)	(31,748)	(693)	(51,707)
Net present values	118,690	348,065	7,993	474,748

Finance charges recognised by the Company during the year amounted to EUR 23,710 (2018: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

16 Leases (continued)

16.5 The Company has elected not to recognise right-of-use assets and corresponding lease liabilities for its leases of other motor vehicles classified as short-term leases (leases with effective term of 12 months or less). Payments made under such leases are expensed on a straight-line basis and amounted to EUR 24,569 (2018: EUR 24,569). These short-term leases are included as part of administrative expenses in the Statement of Profit or Loss and Other Comprehensive Income.

16.6 Additional information on the right-of-use asset as at 31 December 2019:

	Carrying amount (note 5) EUR	Depreciation expense EUR	Impairment EUR
Land and buildings	428,196	115,433	-
Motor vehicles	46,043	11,706	-

17 Revenue

The Company's income from its main activities was as follows:

	2019 EUR	2018 EUR
Listing fees	4,517,991	4,422,252
Register fees	1,400,284	1,381,643
Turnover fees	240,512	252,447
Stockbrokers' fees	35,974	41,507
Other fees	865,520	733,766
	7,060,281	6,831,615

18 Cost Of Revenue and Administrative Expenses

	2019 EUR	2018 EUR
<i>Cost of revenue</i>		
Variable trading fees	184,189	193,809
<i>Administrative expenses</i>		
Emoluments of the chairman and other board members	22,600	22,600
Salaries, social security and other staff costs (note 18.1)	1,892,731	1,754,745
Rent	17,619	139,615
Auditors' remuneration	8,000	10,000
Depreciation of property, plant and equipment	254,868	135,041
Amortisation of intangible assets	46,500	60,130
Other expenses	1,169,251	1,104,765
	3,411,569	3,226,896

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

18 Cost Of Revenue and Administrative Expenses (continued)

18.1 Employee information

18.1.1 Salaries, social security and other staff costs

	2019 EUR	2018 EUR
Wages and salaries	1,757,556	1,628,188
Social security costs	112,601	109,242
Other staff costs	22,574	17,315
	1,892,731	1,754,745

18.1.2 Staff numbers

The average number of persons employed by the Company during the year was 54 (2018: 52).

19 Income from Financial Assets At FVOCI

	2019 EUR	2018 EUR
Interest on financial assets at FVOCI	36,738	59,153
Gain on disposal of financial assets at FVOCI	548,507	-
	585,245	59,153

20 Net Finance Income

	2019 EUR	2018 EUR
Finance income		
Interest on bank balances	48,702	54,074
Finance costs		
Interest on lease liabilities	(23,710)	-
Net finance income	24,992	54,074

21 Income Tax Expense

21.1

	2019 EUR	2018 EUR
Current tax expense	1,293,028	1,201,612
Deferred tax (income) / expense (note 9.2)	(44,425)	194
Income tax expense	1,248,603	1,201,806

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

21 Income Tax Expense (continued)

21.2 Reconciliation of effective tax rate

	2019 EUR	2018 EUR
Profit before tax	4,105,515	3,509,407
Tax at 35%	1,436,930	1,228,292
Adjustments for the tax effect of		
- share of loss in equity accounted investee	477	-
- amortisation of financial assets at FVOCI	826	1,320
- expenses not deductible for tax purposes	21,884	(4,406)
- income subject to lower rates of tax	(14,368)	(23,400)
- income not subject to tax	(197,146)	-
Income tax expense	1,248,603	1,201,806

22 Immediate Parent and Ultimate Controlling Party

The immediate parent company of Malta Stock Exchange plc is MSE (Holdings) Ltd, a company registered in Malta having its registered address at Garrison Chapel, Castille Place, Valletta.

The ultimate controlling party of Malta Stock Exchange plc is the Government of Malta.

23 Related Party Transactions and Balances

The related parties of the Company with which the Company had balances outstanding as of 31 December 2019 or transactions during the year then ended were as follows:

- Government of Malta (ultimate controlling party)
- MSE (Holdings) Ltd (parent company)
- Malta Stock Exchange Institute Limited (other related company)
- MSX plc (other related company)
- CSD (Malta) plc – company in liquidation (other related company)
- European Wholesale Securities Market Limited – company in liquidation (associate of the Company)

23.1 Related party transactions

Unless otherwise stated, none of the transactions with related parties incorporate special terms and no conditions and no guarantees were given or received.

During the year, the Company entered into various transactions with related parties, as follows:

		2019 EUR	2018 EUR
<i>Revenue</i>	<i>Related Party</i>		
Listing fees	Government of Malta	2,071,050	2,189,400
Register fees	Government of Malta	428,625	414,393
Amendments	Government of Malta	57,141	63,631
<i>Administrative expenses</i>			
Rent expense	MSE (Holdings) Ltd	-	90,000
Dividends paid	MSE (Holdings) Ltd	1,500,000	1,500,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

23 Related Party Transactions and Balances (continued)

23.1 Related party transactions (continued)

Included in administrative expenses are salaries paid to the chairman and board members amounting to EUR 22,600 (2018: EUR 22,600).

Prior to the implementation of IFRS 16 Leases, the rent expense amounting to EUR 90,000 and which is payable to MSE (Holdings) Ltd, was accounted for as an operating lease and reported as part of administrative expenses. As explained in notes 2.5, 3.12 and 16 above, with the implementation of IFRS 16, the rent is now being accounted for as a finance lease.

23.2 Related party balances

The outstanding amounts at year end together with the related terms have been separately disclosed in notes 11 and 15.

24 Financial Risk Management Objectives and Policies

The Company is exposed to credit risk, market risk and liquidity risk through its use of financial instruments. The Company's risk management is discussed by the Risk Committee and the Board of directors reviews and agrees policies for managing each of these risks. The Board of directors focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial risks.

The financial risks to which the Company may be exposed are described below. See also note 24.5 for a summary of the Company's financial assets and financial liabilities by category.

24.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial assets which potentially subject the Company to credit risk consist principally of financial assets at FVOCI, trade and other receivables, other financial assets and cash and cash equivalents. The maximum exposure is the carrying amounts disclosed as follows:

	Notes	2019 EUR	2018 EUR
Classes of financial assets – carrying amounts:			
Financial assets at FVOCI	8a	467,203	1,698,035
Financial assets at amortised cost:			
Other financial assets	10	4,034,000	3,914,552
Trade and other receivables	11	2,228,810	2,125,915
Cash and cash equivalents	12	5,281,285	3,134,372
		12,011,298	10,872,874

The credit risk relating to financial assets at FVOCI is considered to be low in view of management's policy of investing only in high quality corporate securities which are listed on recognised stock exchanges.

The Company's cash and cash equivalents are placed with quality financial institutions rated at BBB- and AA- (Standard and Poor's) where credit ratings are available.

Carrying amounts for fees receivables (included as part of trade and other receivables) are stated net of the necessary impairment allowances amounting to EUR 56,501 (2018: EUR 46,680). A loss rate of 0.27% has been applied to the gross carrying amounts of trade receivables, which rate is based on actual credit loss experience over the past five years. These rates have been adjusted, where necessary, by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The Company's exposure to credit risk on its operations arises from activity exceeding 25% of its revenues. At year end the Company had EUR 432,559 (2018: EUR 422,813) owed by the Government of Malta representing 20% (2018: 20%) of the Company's total fee receivables. The Government of Malta generated EUR 2,556,816 (2018: EUR 2,667,424), representing 36% (2018: 39%), of the Company's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

24 Financial Risk Management Objectives and Policies (continued)

24.1 Credit risk (continued)

The ECLs at 31 December 2019 were estimated based on a range of forecast economic scenarios as at that date.

The coronavirus pandemic which started spreading in early 2020 is causing significant disruption to business and economic activity and will have an immediate impact on the economic scenarios used for estimating ECLs. This is because key inputs for this estimation, such as GDP, are weakening and the probability of a particular adverse economic scenario for the short-term is higher.

The potential economic impact of the coronavirus was not considered in arriving at ECLs at 31 December 2019. The impact of these factors, together with regulatory measures and Government's initiatives being taken to assist the economy, will be considered when estimating ECLs under IFRS 9 in 2020.

24.2 Market risk

24.2.1 Interest rate risk

The interest rates on debt investments at FVOCI and term deposits are disclosed in notes 8b and 10. Under the present interest rate scenario, a reasonably expected change in benchmarks is not expected to have any significant effect on the Company's assets and liabilities.

24.2.2 Other price risk

The Company is exposed to other price risk in respect of its financial asset at FVOCI.

An average volatility of 1% has been observed during 2019 (2018: 1%). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for the securities increased or decreased by that amount, profit or loss and equity would have changed by EUR 5,000 (2018: EUR 17,000).

24.3 Liquidity risk

The Company actively manages its risk of a shortage of funds by closely monitoring the maturity of both its financial investments and other receivables and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and proceeds from sale of financial assets at FVOCI. The presentation of the financial assets and financial liabilities listed above under the current and non-current headings within the Statement of Financial Position is intended to indicate the timing in which cash flows will arise.

The Company's financial liabilities have contractual maturities which are summarised below:

	Current		Non-current		
	Not later than one year EUR	Later than one year but not later than five years EUR	Later than five years EUR		Total EUR
At 31 December 2019					
Lease liabilities	137,956	379,813	8,686		526,455
Other payables	629,590	-	-		629,590
Bank borrowings	875	-	-		875
	768,421	379,813	8,686		1,156,920

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

24 Financial Risk Management Objectives and Policies (continued)

24.3 Liquidity risk (continued)

	Current		Non-current		Total EUR
	Not later than one year EUR	Later than one year but not later than five years EUR	Later than five years EUR		
At 31 December 2018					
Other payables	601,657	-	-		601,657
Bank borrowings	2,098	-	-		2,098
	603,755	-	-		603,755

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

24.4 Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's debt investments are classified within the Level 1 category. There have been no significant transfers between levels in the reporting period.

The method and valuation technique used for the purpose of measuring fair values did not change from the previous reporting period.

24.5 Summary of financial assets and financial liabilities by category

The carrying amounts of the Company's financial assets and financial liabilities as recognised at the end of the reporting date under review may also be categorised as follows. See note 3.4 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2019 EUR	2018 EUR
Non-current assets			
Financial assets at FVOCI	8a	467,203	1,698,035
Financial assets at amortised cost:			
Other financial assets	10	3,150,000	375,000
		3,617,203	2,073,035
Current assets			
Financial assets at amortised cost:			
Trade and other receivables	11	2,228,810	2,125,915
Cash and cash equivalents	12	5,281,285	3,134,372
Other financial assets	10	884,000	3,539,552
		8,394,095	8,799,839

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

24 Financial Risk Management Objectives and Policies (continued)

24.5 Summary of financial assets and financial liabilities by category (continued)

	Notes	2019 EUR	2018 EUR
Non-current liability			
Financial liability at amortised cost:			
Lease liabilities	16	356,058	-
		356,058	-
Current liabilities			
Financial liabilities at amortised cost:			
Bank borrowings	14	875	2,098
Trade and other payables	15	629,590	601,657
Lease liabilities	16	118,690	-
		749,155	603,755

24.6 Capital Management

Capital includes equity less the fair value reserve comprising net gains on debt investments at FVOCI. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process during the year.

Externally imposed capital requirements

The Company is required to comply with the capital requirements as set by the Malta Financial Services Authority. Central securities depositories and Trading Venues are required to maintain own funds equal or in excess of the capital requirements. The Company is required to have capital, together with its retained earnings and reserves, proportional to the risks stemming from the activities it undertakes.

Capital requirement is calculated in accordance with Rule 3-1.1 of the Financial Market Rules for Trading Venues, DRSPs and Central Securities Depositories.

During the year under review, the Company complied with all of the capital requirements as stipulated in the Financial Market Rules for Trading Venues and Central Securities Depositories.

25 Post Reporting Date Events

Following the outbreak of the COVID-19 pandemic, the directors are monitoring the situation and taking immediate action to safeguard the interests of the Company. To date the Company is operating as normal.

The directors are of the opinion that it is premature to comment on the consequences of the events that are still unfolding and that they cannot make an estimate of the financial effect that these events may have on the Company. These events may adversely affect the Company's current and future performance and future financial position. The financial statements do not include any adjustments that may be required should the Company not realise the full value of its assets and discharge its liabilities in the normal course of business as a result of the prevailing situation.

No adjusting or other significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation of these financial statements by the board.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Malta Stock Exchange plc

Report on audit of the financial statements

Opinion

We have audited the financial statements of Malta Stock Exchange plc (the "Company") set out on pages 54 to 80 which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year ended 31 December 2019 in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the directors' report and directors' responsibilities shown on pages 49 to 50, and the other information on the annual report shown on pages 9 to 48, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Malta Stock Exchange plc

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; and
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
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28 April 2020

2019

Annual Report



MALTA
STOCK EXCHANGE

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