



62+

Government
Savings Bond



MINISTRY FOR FINANCE
AND EMPLOYMENT

PROSPECTUS

Dated 22nd September 2021

Issue of €65,000,000

(subject to an over-allotment option of an additional amount up to a maximum of €35,000,000)

62+ Malta Government Savings Bond – Issue 2021

3% per annum for 5 years

ISIN: MT4000010069

No. 1275**PROSPECTUS****62+ Malta Government Savings Bond – Issue 2021****Summary of the main terms of 62+ Malta Government Savings Bond - Issue 2021:**

THE following summary must be read as an introduction to this prospectus and any decision to acquire this Bond should be based on consideration of the prospectus as a whole by the investor.

Name of issuer: Government of Malta;

Title of the Bond: 62+ Malta Government Savings Bond (MGSB) – Issue 2021;

ISIN Number: MT4000010069;

Amount on issue: €65,000,000;

Over-allotment Option: additional amount of up to a maximum of €35,000,000;

Type: Fixed rate Bond;

Term: 5 Years;

Interest rate (coupon): The rate of interest of the 62+ Malta Government Savings Bond - Issue 2021 is **3% p.a.**;

Issue Price: The Bond is denominated and issued at par (100%) in units of €100 where the amount paid is equal to the principal amount invested;

Who can invest: Individuals born in 1959 or before;

Amount that can be invested: An eligible individual can invest a minimum amount of €500 up to a maximum amount of €10,000 in this Bond;

Non-Transferable and non-negotiable debt Instrument: The 62+ Malta Government Savings Bond – Issue 2021 cannot be negotiated, assigned or transferred onto any other individual or legal person and cannot be pledged;

Interest payment dates: The interest is payable semi-annually in arrears on 15th April and 15th October during the tenor of the Bond (unless withdrawn before) in the bank account nominated by the holder; The first semi-annual interest payment will be made on the 15th April 2022;

Tax: Resident individual holders can opt to receive the interest net of tax or gross and declare the investment income (interest) received in the income tax return;

How can one invest in the 62+ Malta Government Savings Bond – Issue 2021: Category ‘A’ applicants: New eligible applicants in the 62+ Malta Government Savings Bond – Issue 2021 made up of (i) individuals born in the year 1959 and (ii) individuals born before 1st January 1959 who were eligible to apply in any of the past issuances of the 62+ Malta Government Savings Bond but for some reason did not apply, may obtain and lodge the application form (Form ‘A’) at one of the authorised Financial Institutions or authorised Investment Service Providers;

Category 'B' applicants: Existing holders of the 62+ Malta Government Savings Bonds issued in the past four years and whose name appeared on the register at close of business of Thursday 5th August 2021, shall receive by post an application form (Form 'B') which can be lodged at one of the authorised Financial Institutions or authorised Investment Service Providers;

Public Offer Period: Dates and Time: Applications for both Category 'A' and Category 'B' applicants shall open at 8:30 a.m. on Wednesday, 29th September 2021 and close at 2:30 p.m. on Monday, 4th October 2021, or earlier at the discretion of the Accountant General;

Maturity: The 62+ Malta Government Savings Bond – Issue 2021 will be repaid at par on 15th October 2026;

Allocation Policy: Preference will be given to new eligible applicants made up of (i) individuals born in 1959, therefore they could not have applied in previous issuances of the 62+ MGSB and (ii) individuals born before 1st January 1959 who were eligible to apply in the past issuances but for some reason did not apply. After the bonds are allotted to these new applicants, the remaining portion available for allocation will be allocated among the existing holders of the 62+ Malta Government Savings Bonds at the discretion of the Accountant General in accordance with the allocation policy to be announced by the Accountant General after the closure of the issue;

What happens at the end of the investment term: The Malta Government Savings Bond – Issue 2021 is a special issue and therefore there is no guarantee that another bond issue will be available when the Bond is repaid.

Terms and Conditions

1. Application and Interpretation

(a) The 62+ Malta Government Savings Bond - Issue 2021 is a retail debt instrument offered by the Accountant General under the Government Borrowing and Management of Public Debt Act (Cap. 575) of the Laws of Malta and is subject to the Malta Government Retail Savings Bonds Regulations (the Regulations) as amended or re-enacted from time to time.

(b) This prospectus is being published in accordance with article 25 (3) of the Government Borrowing and Management of Public Debt Act and regulation 4 of the Regulations. This prospectus in conjunction with the Government Borrowing and Management of Public Debt Act and Malta Government Retail Savings Bonds Regulations shall govern this issuance of this bond.

2. Definitions

In these terms and conditions:

- (a) "Accountant General" means the Accountant General of the Government of Malta who heads the Treasury Department;
- (b) "Bond" the term Bond used in this prospectus means the 62+ Malta Government Savings Bond – Issue 2021;
- (c) "Bondholder" or "Holder" means any individual in whose name the Bond is entered in the register;

(d) "Business day" means a day other than a Saturday, a national or public holiday listed in articles 2 and 5(1) of the National Holidays and other Public Holidays Act, a bank holiday as declared under article 3(2)(b) of the Banking Act, or a day when the Trans-European Automated Real-time Gross settlement Express Transfer System (TARGET), owned and operated by the Eurosystem, is closed for business as may be published on the European Central Bank's website; (www.ecb.europa.eu);

(e) "Category 'A' applicants" for the purpose of this prospectus means (i) individuals born in the year 1959 and (ii) individuals born before 1st January 1959 who were eligible to apply in the past issuances of the 62+ Malta Government Savings Bond but for some reason did not apply, hereinafter called new eligible applicants;

(f) "Category 'B' applicants" for the purpose of this prospectus means all individuals who participated in any of the previous issuances of the 62+ Malta Government Savings Bond held in the past four years and whose name appeared on the register at the close of business of Thursday 5th August 2021 (the Cut-Off Date), hereinafter called existing holders;

(g) "Claims" in respect of the 62+ Malta Government Savings Bond - Issue 2021 include both the principal repayment and the interest due if any, on the said 62+ Malta Government Savings Bond – Issue 2021;

(h) "Eligible individual" means a natural person born in the year 1959 or before who is eligible to purchase and hold this Bond;

(i) "Individual" means a natural person;

(j) "Maturity date" is the date when the Bond falls due for repayment;

(k) "Registration Manager" means (i) the financial institution appointed by the Accountant General in terms of Article 24(2) of the Government Borrowing and Management of Public Debt Act (Cap. 575) of the Laws of Malta to manage the sale of the 62+ Malta Government Savings Bond on behalf of the Treasury.

(l) "Regulations" the word regulations in this prospectus means the Malta Government Retail Savings Bonds Regulations.

3. Issuance Amount

The Accountant General is offering €65,000,000 of the 62+ Malta Government Savings Bond – Issue 2021 which may be increased by an additional amount of up to a maximum of €35,000,000 in the event demand exceeds the amount on issue.

4. Investment Terms

The 62+ Malta Government Savings Bond – Issue 2021 earns interest at a fixed rate of **3%** per annum for the whole five-year term of the Bond. The term of the Bond starts on the date of issuance which is **15th October 2021** up to the last day which immediately precedes the date of the maturity of the Bond set for the **15th October 2026**.

5. Who may purchase the Bond

(1) There are two categories of applicants who can participate in this issue:

(a) Category 'A': - New eligible applicants made up of (i) individuals born in the year 1959 and (ii) individuals born before 1st January 1959 who were eligible to apply in the past issuances of the 62+ Malta Government Savings Bond but for some reason did not apply. These applicants must also satisfy the conditions for eligibility listed in paragraph 5 (2) below;

(b) Category 'B': - Applicants who participated in any of the previous issuances of the 62+ Malta Government Savings Bond and whose name appeared on the register at the close of business of Thursday 5th August 2021, (the cut-off date). These applicants, if applicable, are also subject to satisfying the conditions of eligibility in paragraph 5 (2) (c), (d) (e) and (f).

(2) Other conditions for eligibility:

(a) The Bond cannot be held jointly with another individual;

(b) Except for para 5 (2)(c), the Bond is to be held in the applicant's own name;

(c) Curators appointed by court can purchase and hold the Bond on behalf of eligible individuals who lack capacity including individuals interdicted by court;

(d) An individual or a legal person may purchase the Bond in the name of another eligible individual where acting under a valid Power of Attorney;

(e) In the case of a Bond purchased as per (c) and (d) above, the Bond shall be deemed to be held by the eligible individual on whose behalf it was purchased;

(f) Only EU citizens residing in an EU country are eligible to purchase this Bond.

6. General Limitations

The following individuals are not eligible to invest in the Bond:

(i) In respect of Category 'A' applicants, where the applications have been submitted under the nominee or clients account system. Category 'B' applicants have already satisfied this condition; and

(ii) Individuals born in the year 1959 or before who lack capacity including individuals interdicted by Court unless the application is made in accordance with paragraph 5 (2) (c).

7. Non-Transferability

The Bond or any interest thereon may not be transferred or assigned to any other individual or legal person or pledged, in whole or in part. There is no secondary trading market for the Bond.

8. Appointment of Registration Manager

The Malta Stock Exchange p.l.c having its registered office at Garrison Chapel Castille Place Valletta (C.42525) has been appointed as the Registration Manager to manage the sale of the 62+ MGSB – Issue 2021 on behalf of the Treasury.

9. Date of issuance, applications, holding limits and payment for the purchase of the Bond

(a) Applications open at 8.30 a.m. on Wednesday, 29th September 2021 and close at 2.30 p.m. on Monday, 4th October 2021 or earlier at the discretion of the Accountant General;

(b) (i) The application form (Form 'A') for Category 'A' applicants (new applicants) may be downloaded from Treasury's website (www.treasury.gov.mt) or obtained from and lodged at one of the authorised Financial Institutions or authorised Investment Service Providers;

(ii) The application form (Form 'B') for Category 'B' applicants (existing holders of any of the 62+ Malta Government Savings Bonds) shall be sent by post and can be lodged at one of the authorised Financial Institutions or authorised Investment Service Providers.

(c) All applications will be irrevocable after closing time;

(d) The minimum amount of the Bond that may be purchased is €500 and each eligible individual can invest up to a maximum of €10,000;

(e) Applications are to be made in multiples of €100 on the appropriate prescribed application form;

(f) The payment for the purchase of the Bond has to be made with the application;

(g) The Accountant General acting through the Registration Manager has the right to reject any application or part thereof if (i) the applicant has failed to comply in a material manner with the terms and conditions contained in this prospectus or (ii) on any grounds whatsoever.

10. Evidence of identity

In respect of Category 'A' applicants, the Accountant General acting through the Registration Manager reserves the right to conduct the necessary verification to confirm the identity, age and address of the applicant. In accepting the terms and conditions, the eligible applicant confirms that s/he is aware that her/his identity, age and address can be checked.

11. Over-allotment option

In the event that the original sum on issue of €65,000,000 is oversubscribed, the Accountant General reserves the right to exercise the over-allotment option and allocate an additional amount of up to a maximum of €35,000,000 for a total aggregate amount not exceeding €100,000,000.

12. Allotment Policy

(a) The Accountant General will be giving preference to new eligible applicants (Category 'A') such that their application will be satisfied in full provided that the amount on issue or the aggregate amount that can be issued is not exceeded.

(b) In the case that notwithstanding the exercise of the over-allotment option there still remains applications from Category 'A' applicants (new eligible applicants) which are unsatisfied, then the Accountant General will scale down applications in accordance with the allocation policy to be established at his discretion. In such event there shall not be any amounts left to be allocated to Category 'B' applicants.

(c) In the event that where Category 'A' applicants are satisfied in full there remains amounts to be allocated, this portion shall be allotted among Category 'B' applicants in accordance with an allocation policy to be determined by the Accountant General at his sole discretion.

(d) Refund of amounts in respect of applications which are not wholly allotted will be effected before the issue of the relevant Registration Advice. No interest is due on any unallocated amounts.

13. Interest payments and interest payment dates

(a) The interest is paid semi-annually in arrears on the 15th April and 15th October in every year during the tenor of the Bond at the rate of 1.5% calculated on the Face Value (nominal) of the Bond.

(b) The first semi-annual interest payment at the rate of 1.5% covering the period from 15th October 2021 (the issue date) up to 14th April 2022 (both dates inclusive) shall be paid on 15th April 2022.

(c) If an interest payment date falls on a non-business day, payment will be made on the succeeding business day without payment of additional interest.

14. Method of payments

(a) All payments by the Accountant General in respect of this Bond shall be made in Euro and to Euro denominated bank accounts for which the Accountant General has been supplied with a valid International Bank Account Number (IBAN).

(b) The settlement of all types of payments linked to this Bond, including:

- (i) semi-annual interest payments;
- (ii) refunds of unallocated monies;
- (iii) early repayment of principal; and
- (iv) redemption of the Bond on its maturity date,

shall be made by credit transfer through the Single Euro Payments Area (SEPA) scheme in the IBAN indicated in the respective application form or the latest bank account number (IBAN) held in the register.

(c) The Treasury does not charge for sending payments, however the beneficiary's bank could charge a fee to receive the funds when these exceed certain amounts. The Accountant General shall not be responsible for any bank charges arising in connection with any payment in respect of this Bond.

15. Tax

The interest earned from the 62+ Malta Government Savings Bond - Issue 2021 is taxed in accordance with the investment income provisions of the Income Tax Act (Cap. 123) of the Laws of Malta. As stated in the information summary, resident individual holders can either opt to receive the interest payment gross and declare the investment income earned in their income tax return or net of tax (withholding tax).

Every year, the Accountant General will render (i) an account to the Maltese Commissioner for Revenue of all amounts of interest paid and tax deducted as well as the identity of the recipient and (ii) will inform the Maltese Commissioner for Revenue of all interest paid gross and of the identity of all such recipients.

Any tax election made by the resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Registrar. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

16. Early redemptions and cancellation

(a) Bondholders may withdraw the whole amount invested in the 62+ Malta Government Savings Bond - Issue 2021 before the maturity date of the Bond subject to the payment of a penalty for early redemption in terms of paragraph 18. No application for a partial withdrawal from individual's holding will be entertained during the life of the Bond.

(b) Applications for early redemptions shall be made on the prescribed form which can be downloaded from the Treasury's website and sent to the Treasury Department. The Accountant General will normally initiate the electronic transfer of funds within 30 days. Typically, the early redemptions are payable on the 5th day of the month.

(c) Bondholders' requests for early redemptions are irrevocable and cannot be withdrawn after they are submitted to and received by the Accountant General.

(d) The Bonds which are redeemed before the maturity date of the Bond as specified in this paragraph and paragraph 19 will be cancelled.

17. Calculation of accrued interest on early redemption

Where the holder withdraws the principal before the first interest payment date, the holder shall be entitled to interest from the issue date of the Bond up to the last day which immediately precedes the repayment date.

Where a holder withdraws the principal before the maturity date but after the first interest payment date, the holder shall be entitled to interest from the last interest payment date up to the last day which immediately precedes the date when the repayment of principal is made.

18. Penalty for early redemption

(a) Except where sub-paragraph 19 (c) below applies, a penalty equivalent to three (3) months gross interest on the principal withdrawn, at the interest rate the Bond is earning, i.e. 3% per annum, will be deducted from the repayment. The formula for calculation and application of the penalty is as follows:

$$\text{Penalty Amount} = \frac{P \times R \times 3}{12}$$

Where: P is the principal amount withdrawn; and
R the annual interest rate of 3% the Bond is earning.

By way of example, a Bondholder who invested the maximum permissible amount of €10,000 who opts for early redemption of the Bond will incur a penalty of €75.00.

(b) If there is insufficient interest due in the current interest period to meet the early redemption penalty, an adjustment to the principal being repaid will be made to meet the penalty. If a Bondholder encashes in the Bond within the first three months of its commencement, the Bondholder will get back less than originally invested.

19. Claim for encashment of the bond through transmission *Causa Mortis*

(a) Upon notification of the death of a Bondholder occurring before the maturity date of the bond, the account is put on hold. The bond keeps earning interest until it is repaid to the beneficiaries of the deceased Bondholder through the transmission *Causa Mortis* procedure. The encashment of the bond must comprise the full amount of the bond held by the deceased holder and the monies will be paid to the beneficiaries in accordance with the testamentary dispositions. Claims for part encashment of the bond will not be entertained.

(b) The Bond held by the deceased is not transferable onto the beneficiaries of the deceased Bondholder. On payment of the principal to the beneficiaries of the deceased bondholder through the transmission *causa mortis* procedure, the account will be closed and the bond will be cancelled.

(c) No penalty will be charged where the Bond is repaid before maturity to the beneficiaries of the deceased Bondholder through the transmission *causa mortis* procedure.

20. Redemption of the 62+ Malta Government Savings Bond - Issue 2021

The 62+ Malta Government Savings Bond Issue - 2021 shall be redeemed at par on 15th October 2026.

21. Cut-off date for amendments in the register

The register shall be closed for a period of ten (10) days immediately preceding each date upon which the semi-annual interest on the bond falls due and no amendments such as, change of (i) address, (ii) tax option and (iii) bank accounts details, shall be made during this period when the register will be closed for amendments.

22. Security

The principal and the interest payments thereon of the 62+ Malta Government Savings Bond – Issue 2021 will be a charge on the consolidated fund and other public funds of the Government of Malta.

23. Registration advice and other statements

On registration, the 62+ Malta Government Savings - Issue 2021 Bondholders will receive a registration advice from the Malta Stock Exchange (MSE) through normal post or through the MSE's internal electronic system managed by the MSE.

As soon as the holders receive the registration advice from the MSE they should examine it carefully and report any errors or omissions to the Accountant General as soon as possible. It is the responsibility of the Bondholder to ensure that the registration advice and other correspondence received in connection with 62+ Malta Government Savings Bond – Issue 2021 are kept safely.

24. Prescription

Claims in respect of 62 + Malta Government Savings Bond – Issue 2021 issued under this prospectus will become prescribed unless presented for payment within six years from the maturity date of the Bond.

25. Data protection clauses

The Accountant General guarantees that any personal data the holder may provide in the Application form will be processed in accordance with the requirements of the Data Protection Act (Cap. 586) of the Laws of Malta and the EU legislation on Data Protection - GDPR (Regulation (EU) 2016/679) in force at the time of data processing.

Personal data collected in the application form will be retained by the Accountant General for six years after the maturity date of the 62+ Malta Government Savings Bond – Issue 2021. However, data required to satisfy judicial or administrative authorities will be held for the period stipulated in the respective Acts and other relevant legislation.

Moreover, the personal data of a holder as submitted in the application form will be passed on to the Registration Manager appointed by the Accountant General to manage the sale of the 62+MGSB on his behalf as well as to the Registrar authorised to maintain the register on his behalf. The personal data will be subject to the Registration Manager's manager and the Registrar's data protection policy.

26. Governing Law

The relevant legislation under which this Bond is being issued are (a) The Budget Measures Implementation Act (Cap. 624) of the Laws of Malta; (b) The Government Borrowing and Management of Public Debt Act (Cap. 575) of the Laws of Malta; and (c) the Malta Government Retail Savings Bonds Regulations.

27. Jurisdiction

Exclusive place of jurisdiction for any legal proceedings arising under the 62+ Malta Government Savings Bond – Issue 2021 is **Malta**.

28. Contact Details

Investors can obtain further information on the 62+ Malta Government Savings Bond – Issue 2021 and on other Government Securities by contacting the Treasury Department through one of the below listed contact details:

Address: Treasury Department, Development House, Level 2-3, Triq Sant'Anna, Floriana.

Telephone: 2596-7125

E-mail: (treasury.malta@gov.mt)

Website: (www.treasury.gov.mt)

22nd September, 2021

Treasury Department

Development House

Level 2-3

St. Anne Street

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