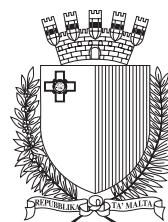

General Prospectus that governs the issue of Malta Government Stock in the Domestic Market

Republic of Malta
Ministry for Finance
Treasury Department



GOVERNMENT NOTICE

No. 1423

**Republic of Malta
Ministry for Finance
Treasury Department****General Prospectus that governs the issue of Malta Government Stock in the Domestic Market***30th November 2018***1. Introduction**

On the 19th July 2017, the Parliament of Malta enacted a new Public Debt Legislation entitled Government Borrowing and Management of Public Debt Act (Cap. 575). Most of the Provisions of the Government Borrowing and Management of Public Debt Act officially came in force on 1st September 2017. The new public debt legislation replaces the three old public debt legislations namely the (i) Local Loans (Registered Stock and Securities) Ordinance (Cap. 161), (ii) the Malta Treasury Bills Act (Cap. 133), (iii) the Development Loan Act (Cap. 229) and the relevant subsidiary legislation issued in terms of the said Acts.

In accordance to article 39 of the Act, and for the avoidance of any doubt, the powers, rights and obligations of the Government in respect of any Malta Government Stock issued in pursuance to the Local Loans (Registered Stock and Securities) Ordinance and the Local Loans (Registered Stock) Regulations before 1st September 2017 shall continue to apply and the terms and conditions therein shall remain in force.

2. General

This prospectus is published in accordance with article 25 (1) of the Government Borrowing and Management of Public Debt Act and relates to Malta Government Stocks issued by the Accountant General on or after 1st September 2017 under the said Act. The issuance of Malta Government Stocks is subject to the Malta Government Stocks Regulations as amended and re-enacted from time to time.

This prospectus sets out some of the most important terms and conditions that shall govern the issuance of Malta Government Stocks together with other information relating to the issuance of Malta Government Stocks.

The General prospectus supplements, and is subject to, the specific terms and information set out in the Offering Circular relating to each particular issue of Malta Government Stock

The Regulatory authority responsible for the admissibility to listing and trading of securities in Malta is the Listing Authority within the Malta Financial Services Authority (MFSA). Further information on the Listing Authority can be obtained from the MFSA's website – (www.mfsa.com.mt). In the case of other jurisdictions, the regulatory responsibilities may fall to other regulatory authorities. It is important that all market participants abide by, and are responsible to ensure that they comply with, all legal and regulatory restrictions and obligations applicable to them in their home and all relevant jurisdictions.

Unless otherwise stated in the Offering Circular, Malta Government Stocks are listed and traded on the Malta Stock Exchange (MSE). Further information on the Malta Stock Exchange can be obtained from MSE's website – (www.borzamalta.com.mt).

Malta Government Stocks are issued pursuant to the provisions of articles 4 and 5 of the Government Borrowing and Management of Public Debt Act. The Registration and maintenance of the Malta Government Stock registers will be governed by the provisions of article 31 of the Government Borrowing and Management of Public Debt Act. Presently, the Registrar responsible for the maintenance of the Registers of Malta Government Stocks is the Central Securities Depository (CSD) of the Malta Stock Exchange.

Malta Government Stocks issued after 1st January 2008 are issued in nominal value of one hundred Euro (€100) and transferable in multiples of one hundred Euro (€100).

Malta Government Stocks issued prior to 1st January 2008, are transferable in multiples of one Euro (€1).

Malta Government Stocks issued on or after 1st January 2013 are subject to the Euro Area Model Collective Action Clauses (including supplemental provisions), in accordance with Paragraph 3 of Article 12 of the European Stability Mechanism (ESM) Treaty.

3. Definitions

"Accountant General" means the Accountant General of the Government of Malta who heads the Treasury Department;

"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 (Cap. 252 of the Laws of Malta), 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 European Central Bank's website;

"Claims" in respect of Malta Government Stocks include both the principal repayment and the interest due if any on the said Malta Government Stock.

"Combined issuance" means a two-pronged participation mechanism in a Malta Government Stock issue, offered for subscription:

- (a) in part non-competitively at pre-announced fixed price for up to a specified amount per person intended for the retail segment; and simultaneously
- (b) by competitive auction;

"Conversions and switch auctions" mean the methods by which one stock can be exchanged for another;

"Maturity Date" is the date when the Stock falls due for repayment;

"Person" means a natural or legal person;

"Regulations" the word regulations in this prospectus means the Malta Government Stocks Regulations;

"Retail Investors" mean non-professional investors typically made-up of members of the public;

“Stock” the term Stock used in this prospectus means the Malta Government Stocks;

“Stockholder” means any natural or legal person in whose name or names the Malta Government Stock is entered or registered in the Register; and

"the Act" means the Government Borrowing and Management of Public Debt Act (Cap. 575 of the Laws of Malta).

4. Types of Malta Government Stocks Issued and Interest Computation

The current position is that the Accountant General issues two different types of Euro denominated, negotiable debt securities with different features known by the market as Malta Government Stocks (MGS). These are:

- (a) Fixed rate Malta Government Stock; and
- (b) Floating rate Malta Government Stock.

The coupon interest rate will cease to accrue on all types of Malta Government Stocks from the maturity date.

4.1 Fixed Rate Malta Government Stock

- (a) Fixed rate Stock pays the holder a fixed interest payment (half the coupon) every six months in arrears until the maturity of the Stock.
- (b) Interest for fixed rate Malta Government Stock is based on and computed using the ‘actual / actual’ day-count convention. It is payable on the nominal value of the Stock at a rate per Euro 100 nominal, equivalent to half the annual interest rate (coupon) for a full semi-annual period (standard) and payable semi-annually in arrears on each interest payment date stated in the Offering Circular using the following formula:

Semi-annual accrued Interest Payment per €100 nominal MGS	=	<u>Coupon rate per €100 nominal of MGS</u> 2
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- (c) If the first coupon (interest) payment between the issue date and the first interest payment date is not a full semi-annual period (short), then the first interest payment is paid pro-rata using the following formula:

First accrued interest payment per €100 nominal MGS	=	$\frac{\text{Coupon rate per } \text{€100 nominal MGS}}{2} \times \frac{\text{No. of calendar days from the issue date to the first interest payment date}}{\text{No. of days in a full semi-annual period}}$
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- (d) The pro-rata interest rate per Euro 100 Malta Government Stock (expressed in percentage terms) for the six-month period is rounded to the nearest six decimal places. Rounding to the nearest six decimal places means round the sixth decimal place up by one if the seventh decimal place is five or above, and then truncate at the sixth decimal place.

4.2 Floating Rate Malta Government Stock

- a) Floating Rate Stock or Floating Rate Note (FRN) pay the holder a variable interest payment every six months in arrears until the maturity date of the Stock where the interest rate is calculated and fixed (reset) in advance every six months for the duration of the stock.
- b) Interest for floating rate Malta Government Stock in respect of any full six-month period is computed using the 'actual / 360' day count convention, and determined on the basis of a reference rate in effect two business days before the interest payment date (or the auction date in case of the first interest payment) plus a fixed margin (spread) expressed in basis points (bps) or percentage points. In the case of the Floating rate Malta Government Stock, the reference rate is the 6-month Euribor rate. The interest payment for a full semi-annual period (standard) payable semi-annually in arrears on each interest payment date stated in the Offering Circular is computed by using the following formula:

(1) Accrued interest per €100 nominal FRN paid semi-annually	(2) Day count fraction	(3) Interest rate
Semi-annual accrued Interest Payment per €100 nominal FRN	= $\frac{\text{No of calendar days from the issue date (or previous interest payment date) to the interest payment date in which payment is due}}{360}$	X $\frac{\text{Interest rate per €100 nominal}}{1}$

- (1) The accrued interest payment is rounded to two (2) decimal places.
- (2) The day count fraction (2) multiplied by the interest rate (3) is rounded to fourteen decimal places.
- (3) The interest rate is made up of (a) the 6-month Euribor plus (b) the fixed margin (spread) and quoted to three decimal places.
- c) The first interest payment on the Floating rate Malta Government Stock will be calculated on the basis that there is a full semi-annual period between the issue date and the first interest payment date.
- d) The six-month Euribor rate in respect of any interest period, is the rate (positive or negative) issued and published by the European Money Markets Institute (EMMI) (www.emmibenchmarks.eu) and which also appears on the Reuters Screen EURIBOR01 at 11.00 CET two business days before the interest payment date or in the case of the first interest payment, the six-month Euribor effective two business days prior to the issue date (settlement).
- e) The margin (or spread) shall be published in the Offering Circular and remain fixed until the maturity of the Stock.
- f) The initial interest rate in respect of the Floating Rate Malta Government Stock linked to the six-month Euribor will be equal to the six-month Euribor, in effect two (2) business days prior to the issue date (settlement) of the Stock plus the fixed margin (spread) to be published in the Offering Circular.
- g) After the initial interest period, the interest rate of the Floating Rate Malta Government Stock linked to the six-month Euribor will be reset semi-annually in accordance with the six-month Euribor rate in effect on the

applicable interest determination date, which is two (2) business days prior to dates when the interest falls due, plus the fixed margin (spread) announced in the Offering Circular.

- h) The initial interest rate will be communicated to the Malta Stock Exchange and published through a press release by the Department of Information the following day after the auction.
- i) The initial interest rate will be applied for any secondary market transactions for the calculation of any accrued interest from the settlement (issue) date up to, but not including, the first interest payment date (both dates inclusive).
- j) Thereafter, the interest rate applied for the calculation of accrued interest of the Stock will correspond to the relevant interest rate as reset, each time prior to the beginning of the applicable six-month interest period.
- k) In case the EURIBOR rate is not available on account of market disruption, the last available EURIBOR rate available before such disruption shall apply.

4.3 Collared Floating Rate Malta Government Stock

- (a) The Accountant General may issue Collared Floating Rate Malta Government Stock which offer a minimum and a maximum interest rate. When the reference rate plus the fixed margin (spread) falls below the “floor” rate for any period, the stockholder receives the minimum interest rate for that period. If the reference rate plus the fixed margin (spread) rises above the capped rate for any period, the stockholder receives the maximum interest rate for that period. When the reference rate plus the fixed margin (spread) is between that cap (maximum interest rate) and floor (minimum interest rate) for any period, the stockholder receives the reference rate plus the fixed margin for that period.
- (b) The floor and the cap of the Collard Floating Rate Malta Government Stock will be announced in the Offering Circular.

5. Issuance Mechanism

- (a) A public issue of Malta Government Stock in the domestic market is open to all types of investors including the retail sector. Stock may be issued on a competitive or non-competitive basis as set below. The Malta Government Stock issuance is published by way of an Offering Circular issued by the Accountant General on obtaining approval from the Minister for Finance.
- (b) The Accountant General publishes the Offering Circular of each issue of Malta Government Stock normally ten days before issue, specifying the issuance amount, the interest rate (coupon), coupon payment dates and frequency, maturity date and other specific terms and conditions relevant to the issue.
- (c) The terms and conditions of the Offering Circular shall apply in conjunction with the General terms and conditions of this prospectus known as General Prospectus and the Regulations.

6. Methods of Application for Stock

- (a) The type of issuance, minimum entry levels, maximum amount (where applicable) and the multiples thereafter shall be established in the Offering Circular governing that particular Malta Government Stock issuance.
- (b) Applications in the name of legal persons such as body corporates made up of natural persons having a legal personality distinct from that of its members need to include a valid legal entity identifier (LEI) in space provided in the application form. Failure to include a valid LEI code will result in the application being cancelled by the Accountant General and subscription monies will be returned to the applicant in accordance with sub-article 10.3 (d).
- (c) The applications shall be made on the prescribed forms and submitted on the date and times mentioned in the Offering Circular. Applications submitted after the time indicated in the offering circular will be rejected. The issuance may be closed earlier than the original communicated closing date/time at the discretion of the Accountant General.
- (d) Applications may be downloaded from the Treasury's website or obtained and lodged at all Members of the Malta Stock Exchange and other authorized Investment Service Providers licensed by the MFSA.
- (e) All applications will be irrevocable after closing time.

6.1 Refusal of Bids and non-Competitive Applications

- (a) In his sole discretion and without assigning any reason therefor, the Accountant General reserves the right to reject any application or part thereof to purchase Malta Government Stocks if the applicant fails to comply with any one of the terms and conditions in (1) this General Prospectus, (2) the Offering Circular or (3) the Regulations.
- (b) In any such case, the money paid upon any such non-competitive application shall be refunded not later than twenty-one days from the date of the receipt thereof.

6.2 Non-Competitive Subscription by Retail Investors

- (a) Taking into account market conditions, the Accountant General provides full opportunity for the general public, especially the small saver, to participate in public offers of government stock through the non-competitive subscription process normally staged before the competitive auction in a combined issuance of Malta Government Stock.
- (b) Each application must be made at the fixed price for Euro 100 nominal expressed as a multiple of 0.01 of Euro 1 (i.e. to two decimal places, e.g. €102.50) for a nominal amount not below the minimum threshold which is to be established in the Offering Circular and up to a maximum of Euro 100,000 per person in multiples (increments) of Euro 100 in each Stock.
- (c) In a combined issuance, retail investors who participate in the non-competitive element of the issue at pre-announced fixed price are precluded from participating in the auction. In a combined issuance, the

subscriptions by retail at pre-announced fixed price take priority over the wholesale applications which go through the auction process.

- (d) Retail investors can invest in their own name for their own benefit or jointly with one or more eligible individuals, as the Accountant General decides and specifies in the Offering Circular unless a limitation applies.

6.3 Joint Holdings

- (a) Any application with respect to Malta Government Stocks in the names of two or more persons as joint stock applicants is deemed to have been made by all such individuals.
- (b) Where an application for a Stock is made jointly, each joint applicant can apply for a maximum of Euro 100,000 each in each Stock. For example, two joint applicants may subscribe for a maximum of Euro 200,000 in each Stock of a particular issue.
- (c) There shall be a primary holder being the person whose name is entered first on the application form. All communication about the Stock including statements will be sent to the investor named first on the application form to purchase the Stock.
- (d) Where the Malta Government Stock is registered in the names of two or more persons as joint stockholders, the Accountant General may, pay any interest thereon in the latest bank account held in the register nominated by all the stockholders. In the case of principal repayment or in exceptional circumstances, where payment of interest is made by cheque, the payment will be made to the stockholder whose name appears first in the register.
- (e) The receipt of the payment of interest or principal repayment on maturity of the Stock on any Malta Government Stock by any one or two or more joint stockholders of such stock shall be a full discharge to the Accountant General and the Government for such payments.

6.4 Applications by Curators Appointed by the Court on behalf of Incapacitated or Interdicted Individuals

Stock may be purchased by a curator appointed by the Court on behalf of an individual who lacks the capacity or is interdicted by the Court in accordance to the provisions of Title IV of the Code of Organization and Civil Procedure. When the stock is purchased in this way, the stock is deemed to be purchased and held by the interdicted or incapacitated self.

6.5 Attorneys

An individual may also purchase Stock in the name of another individual where acting under a valid Power of Attorney.

6.6 Minors

- (a) Applications made by minors are only accepted if signed by both parents or the legal guardian/s and accompanied by documentary evidence of legal guardianship as the case may be.
- (b) Any Stock purchased by parents or legal guardians will be registered in the name of the minor with interest and repayment of principal payable to the parents/legal guardian/s signing the application until

such time as the minor attains the age of eighteen (18) years, provided that the Registrar has been duly notified in writing that the minor has attained the age of eighteen (18) years.

6.7 Application by Nominees

Applications in the name of 'Nominee a/c' and/or 'Clients a/c' acting under a discretionary mandate will only be accepted if accompanied by a list showing the identity card number, or in case of a body corporate, the relevant identification number of their respective clients.

7. Fixed Pricing for Retail

Unless otherwise stated in the Offering Circular, the offer price for each stock offered under the Non-Competitive bidding system in a combined issuance will be announced around two business days before the opening of the applications. Such offer price for each Stock will be communicated via a Press Release through the Department of Information and notified to the Malta Stock Exchange. Such price shall also be published in the Treasury's website and in daily newspapers. The price is fixed per Euro 100 nominal and expressed as a multiple of **0.01 of Euro 1 (i.e. to two decimal places)**.

8. Application for Stock by Wholesale Investors – Competitive Auction

- (a) Unless otherwise notified, each competitive bid must be made for one amount and at one definite clean price, to be submitted for Euro100 nominal, in multiples of one Euro cent (€0.01), and quoted to two (2) decimal places for a nominal amount not below or above the minimum and maximum (if applicable) amounts and in round multiples thereof as established in the Offering Circular.
- (b) Participation in the auction is open to all eligible investors by direct bidding. Applications for wholesale investors participating in a competitive auction should be made in amounts in excess of Euro 100,000 and in multiples (increments) as indicated in the Offering Circular. Competitive bids at auctions must be submitted on the prescribed application form, and are to be sent electronically on the fax number provided by the Treasury Department on the application form, by e-mail on the e-mail addresses provided on the application form, or by such other means as may be determined by the Accountant General.
- (c) Until now, the Treasury Department does not have a primary dealer system but wholesale investors including institutional investors may participate directly in the auctions.
- (d) In a combined Malta Government Stock issuance, bidders who participate in the competitive element of the issue at the auction are precluded from participating in the non-competitive element of the issue.

9. Pricing Guidelines for Fixed Rate Stocks Issued by Auction Only

The Accountant General shall announce indicative pricing guidelines via a press release on the business day preceding the auction of a fixed rate Malta Government Stock after the closure of the secondary market on the Malta Stock Exchange. The indicative price guidance will be based on an indicative range of spreads over the euro mid-swap rate, broadly reflecting secondary market conditions with respect to the stock on offer.

10. Allocation of Stock and Publication of Results

10.1 Combined Issuance

- (a) In a combined Malta Government Stock issuance composed of two elements (1) a portion by non-competitive issuance typically for retail investors; and simultaneously (2) a portion by a competitive auction for wholesale investors, the allocation of Stock will be made in the following order:

Applications by the retail investors submitted under the non-competitive element of the issuance are allocated first and if there remains volume to be allocated, stocks will be allotted at the best prices submitted by bidders under the auction system. The allocation results for retail are announced after the closure of the issuance.

- (b) In the event that the original sum on issue is oversubscribed, the Accountant General reserves the right to:
- 1) exercise the over-allotment option by issuing further stocks; and
 - 2) allocate first the applications received by retail investors in the non-competitive part of the issuance.
- (c) In the case where notwithstanding the exercise of the over-allotment option there still remains retail applications which are unsatisfied, then the Accountant General will scale down the retail applications as deemed appropriate and announce through a press release the cancellation of the auction.
- (d) Applicants participating under the non-competitive element whose applications are accepted will purchase the stock at the pre-announced fixed price subject to maximum subscription amount of Euro 100,000 nominal per person.
- (e) In the case where after the allocation of retail applications is exhausted there remains an amount of Stock left to be allocated applicants participating under the auction system, this will be made in the order as described in sub-article 10.2.

10.2 Auction Allocation

The process of allocation of bids by auction applies both to the auctioning element held in a combined issuance as well as in Stock issuances held by auction only.

- (a) Competitive bids tendered in each Stock will be ranked in descending order of price and Stock will be allotted to applicants whose competitive bids are at or above the lowest price at which the Accountant General decides that any competitive bid should be accepted ('the lowest accepted price' also known as the 'cut-off price').
- (b) Competitive bids which are accepted and which are made at prices above the lowest accepted price will be satisfied in full. Competitive bids which are accepted and which are made at the lowest accepted price may be allotted in full or in part only. When the total amount of accepted bids at or higher than the cut-off price exceeds the amount to be issued as decided by the Accountant General, bids at the lowest accepted price shall be allotted in part as far as practicable on a pro-rata basis in proportion to the tendered amount in order to bring the total allocation in line with the amount to be issued.
- (c) Applicants whose competitive bids are accepted will purchase stock at the price which they bid.

- (d) The allotment results in respect of each Stock will be determined and announced approximately two hours after the close of the auction unless technical problems occur that call for alternative arrangement.
- (e) Any amount allotted to the Government Funds will be at the cut-off rate.

10.3 Refunds of Unallocated Money (Retail Investors)

- (a) Refunds of applications submitted under the non-competitive element of the issuance which are not wholly allotted, will be effected before the issue of the relevant Registration Advice from the Malta Stock Exchange (MSE) through normal post or through the MSE's internal electronic system managed by the MSE.
- (b) As soon as the stockholders 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 stockholder to ensure that the Registration Advice and other correspondence received in connection with Malta Government Stocks are kept safely.
- (c) Refunds will be paid by credit transfer through the Single Euro Payments Area (SEPA) scheme in the International Bank Account Number (IBAN) indicated in the respective application form for the payment of interest.
- (d) If an application is rejected the amount paid with the application will be returned by credit transfer through the Single Euro Payments Area (SEPA) scheme in the International Bank Account Number (IBAN) indicated in the respective application form for the payment of interest.
- (e) The Accountant General shall not be responsible for any bank charges arising in connection with issue of credit transfer for the settlement of refunds.

11. Oversubscription

The Accountant General reserves the right to accept oversubscriptions in any maturity (stock) offered for sale or repurchase. This is subject to the provision that the total amount of offers accepted in all maturities (stocks offered) does not exceed the total amount on issue plus the over-allotment option indicated in the Offering Circular.

12. Underissuance

- (a) In the sole discretion of and without assigning any reason therefor, the Accountant General reserves the right not to allocate all the amount on issue or the maximum amount that can be issued if it were to exercise the over-allotment option for any grounds whatsoever.
- (b) Reason for not taking up the amount on issue may include but is not limited to bids judged to be at an unacceptably deep discount to the prevailing market level and therefore not at fair value.

13. Settlement, Registration, Listing and Trading

13.1 Settlement of Payment for Sale of Stock

The settlement amount for allotted Malta Government Stock shall be calculated as follows:

- (a) Stock issued at a pre-announced fixed price for subscription through the non-competitive process for retail investors under sub-article 10.1 of this prospectus:

$$\text{Settlement proceeds} = \frac{\text{Nominal amount allotted} \times \text{Fixed price (expressed per €100 nominal)}}{100}$$

The amount due is payable in full with the application at one of the Treasury's appointed Investment Services Providers (ISPs), that is, all Members of the Malta Stock Exchange and other Investment Service Providers authorised by the MFSA. The Accountant General at his discretion may cancel any application if:

- 1) the relevant payment is not received in time on the due date for such payment to be made as specified in the offering circular; or
- 2) where payment is settled by cheque, such cheque is not paid on the first presentation.

- (b) Stock issued competitively under the auction process:

$$\text{Settlement proceeds} = \frac{\text{Nominal amount allotted} \times \text{Bid price (expressed per €100 nominal)}}{100}$$

- (c) Typically, the amount due by successful bidders participating in Malta Government Stocks auctions will be settled, two business days following the auction in accordance with the T+2 market convention. All successful bidders are notified around two hours after the closure of the auction.
- (d) All successful bidders are expected to match the settlement instructions and meet their commitments (consideration amount) on the day and in good time as indicated on the letter of acceptance.
- (e) Settlement is to be effected by bank transfer normally by Society for Worldwide Interbank Financial Telecommunication (SWIFT), to the credit of the account held with the Central Bank of Malta indicated in the letter of acceptance. The Accountant General may request a copy of the relative bank transfer document as evidence that payment has been effected.
- (f) A default is considered to have occurred if the successful bidders' payment is not received by the stipulated time on the due date as specified in the Offering Circular or Letter of Acceptance. In this case, the Accountant General may at his discretion cancel the unsettled bid/s without allotting further bids.

- (g) In the case where the Accountant General accepts payment after the due date a penalty may be charged for late settlement of the stock. Penalty is equivalent to an interest charge on the amount payable in respect of the period from the due date to the date of payment at a rate equal to Euro Interbank Offered Rate (Euribor) for 1-week deposits (1-week Euribor) + 0.75% per annum. The Accountant General will determine the Euribor rate by reference to the 1-week Euribor rate prevailing on the due date for payment obtained from the European Money Markets Institute (EMMI) (www.emmibenchmarks.eu).

13.2 Notices of Registration

- (a) Registration advice to successful applicants of the Stock will be issued by the Registrar following the listing of the Stock. This will be sent by standard post or through the Registrar's internal electronic system managed by the Registrar.
- (b) Malta Government Stocks will be issued and held in dematerialized form (uncertificated form) and the register of holders is currently maintained in electronic format by the Central Securities Depository of the Malta Stock Exchange (the Registrar) on behalf of the Treasury.
- (c) The registrar shall enter in the Register the following particulars of every holder of the Stock (1) name and address of the Stockholder, (2) the nominal amount of the Stock held, (3) coupon interest rate payable on the Stock, (4) maturity date, (5) all transfer of and all dealings in such debt securities and (6) such other particulars as may, from time to time, be required by the Treasury including such particulars as may be required under the Financial Markets Act (Cap 345 of the Laws of Malta) or Financial Markets Regulations, and such other particulars as may, from time to time, be considered necessary by the Registrar.
- (d) The Registrar may correct errors and remedy omissions in the Register.

13.3 Listing, Trading and Clearing on the Malta Stock Exchange

- (a) Pursuant to the Financial Markets Act, (Cap 345 of the Laws of Malta), application shall be made to the Listing Authority for the admission of any Stock issued under this prospectus on the Official List and traded on the Malta Stock Exchange.
- (b) After such authorisation is issued by the Listing Authority, and successful applicants settle their amount due, the Accountant General shall inform the Malta Stock Exchange to list the Stock and for such Stock to be admitted to trading on its Official List.
- (c) A stock issued under a combined issuance, shall be assigned two different International Securities Identification Numbers (ISINs), one for the portion allotted to the retail investors and another for the portion allotted to wholesale investors (if any). The two tranches of the same Stock will be integrated (merged) on the first interest payment date and thereafter the two tranches shall be deemed to be one Stock under a new ISIN.

13.4 MaltaClear

Clearing and settlement of transactions in Malta Government Stocks traded on the Malta Stock Exchange Trading System are effected through MaltaClear in accordance with Chapter 7 of the Malta Stock Exchange Bye-Laws.

13.5 Clearing (FOP) through Clearstream – MSE Access Link

- (a) Successful auction bidders may also avail of free-of-payment (FOP) clearing facility provided through the **Malta Stock Exchange plc (MSE)– Clearstream Banking AG – Frankfurt (CBF) Access Link** as direct customers of CBF or Clearstream Banking SA, Luxembourg (CBL), or indirectly by being capable of clearing through CBF/CBL via another central securities depository or international central securities depository ('other CS/ICSD') linked to CBF/CBL.
- (b) It is the settled subscriber's responsibility to ensure that a relevant Receive Free message for free receipt of the subscribed Stock is raised in due time in the appropriate format of the Society of Worldwide Interbank Financial Telecommunication (SWIFT). Where for any reason, the FOP delivery over the MSE-CBF Link of the allotted Malta Government Stock fails or remains outstanding for a period of time set at the MSE's discretion, the same Stocks may be transferred off-market, in favour of a securities account opened in the name of the settled subscriber, without charge at the MSE's Central Securities Depository (hereinafter the CSD), until the CSD receives further authenticated instructions. The supplied International Bank Account Number (IBAN) will be availed for the payment of any interests or other payments that may subsequently become due to the settled subscriber during such time that the Stock remains credited in the said CSD account, on the relevant record date.

14. Issue Date

Typically, the issue date of Malta Government Stocks issued non-competitively for retail investors shall be one week after the opening of the applications, whilst the issue date of the Stock issued through the auction system shall be the second business day after the auction date (T+2).

15. Redemption of the Stock (Maturity)

The nominal value of the Stock will be repayable in full (at par) upon maturity on the Redemption date specified in the Offering Circular.

16. Fungibility

The Accountant General reserves the right to issue in future additional amounts of a Stock which already exists on the market in further tranches. In the event of such further issues of a Stock, these will carry the same rights as the existing Stock and will be subject to the terms and conditions applicable to the existing Stock. Such further issues of a Stock will be integrated with the existing Stock immediately after the first interest payment and will be deemed to be one Stock.

17. Payments

17.1 Payment of Interest

- (a) Payment of interest on a Stock shall be made to the person registered as the holder of the Stock on the record date, currently being at close of business twenty-one (21) calendar days prior to the interest payment date.
- (b) Payment of interest will be made by credit transfer through the **Single Euro Payments Area (SEPA) scheme in the International Bank Account Number (IBAN)** as indicated in the application form or the latest bank account number held in the register.

- (c) Where the holder fails to provide a valid bank account number to the Registrar, the interest may be retained by the Treasury until such bank account details have been provided. The stockholder shall not be entitled to any further interest in respect of delay in receipt of interest payment as a result of the stockholder's failure to submit a valid bank account number.

17.2 Payment of Principal

- (a) The payment of the principal amount of a Stock will be made to the person registered as the holder of the Stock on the record date, currently being at close of business twenty-one (21) calendar days prior to the maturity date.
- (b) Applicants may opt to receive the payment of principal on the redemption date of the Stock, either (1) by warrant sent by ordinary post, or (2) directly into the bank account nominated for the receipt of interest for the same stock through the SEPA scheme.

17.3 Payments Falling on a non-Business Day

If the due date for any amount of principal or interest payment in respect of a Stock is not a business day, then payment may not be made until the next succeeding business day and in such cases the holder of the Stock will not be entitled to any further interest in respect of such delay. A "business day" means a day other than a Saturday, a national or public holiday listed in sections 2 and 5 (1) of the National Holidays and other Public Holidays Act (Cap. 252 of the Laws of Malta), a bank holiday as declared under section 3 (2) (b) of the Banking Act (Cap. 371 of the Laws of Malta) 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).

18. Conversions and Switch Auctions

The Accountant General from time to time may offer the holders of a stock the possibility to convert or switch to another Stock. The terms and conditions of each offer, the procedures for bidding at switch auctions and the procedures for accepting conversion applications will each be set out in the Offering Circular. The Regulations governing the issuance of Malta Government Stocks broadly outlines the procedures for bidding at switch auctions and conversions offers.

19. Malta Tax on Interest

19.1 General

- (a) Investors and prospective investors are urged to seek professional advice as regards to both Maltese and any foreign tax legislation applicable to the acquisition of the Stock, holding and disposal of Malta Government Stocks that include income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Stockholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive and may change from time to time.
- (b) The information is being given solely for the general information of investors. The precise implications for investors will depend among other things, on their particular circumstances and on the classification of the Stocks from a Maltese legal perspective, and professional advice in this respect should be sought accordingly.

19.2 Malta Tax on Interest – Resident Holders

- (a) Since interest is payable in respect of a Stock which is subject to public issue, unless the Accountant General is instructed by a Stockholder to receive the interest gross of any final withholding tax or the Stockholder does not fall within the definition of “recipient” in terms of Article 41 (c) of the Income Tax Act (Cap. 123, Laws of Malta), interest shall be paid to such ‘Stockholder’ net of final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investments schemes) of the gross amount of the interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta). Stockholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as specific rules may apply. The Accountant General will render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.
- (b) In the case of a valid election made by an eligible Malta Government Stockholder resident in Malta for tax purposes to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his/her income tax return and be subject to tax on it at the standard (normal) rates applicable to such Stockholder.
- (c) Additionally, in case of sub-article article 19.2 (b), the Accountant General will advise the Maltese Commissioner for Revenue on an annual basis of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Stockholder 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.

19.3 Malta Tax on Interest - Residents Abroad (non-Resident Holders)

In terms of article 12(1) (c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Stockholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Accountant General in terms of law.

20. Security, Governing Law, Jurisdiction and Prescription

20.1 Security

The principal and interest payments thereon on Malta Government Stocks shall be payable out of the general revenue and assets of the Government and charged to the Consolidated Fund and other public funds of the Government of Malta.

20.2 Governing Law and Jurisdiction

The relevant legislation under which Malta Government Stocks are being issued are (a) The Government Borrowing and Management of Public Debt Act (Cap. 575 of the Laws of Malta), (b) The Budget Measures and Implementation Act for the relevant year and (c) the Malta Government Stocks Regulations.

Any legal proceedings arising under this prospectus will be governed by and construed in accordance with the laws of Malta. The Courts of Malta will have exclusive jurisdiction in relation to any dispute that may arise out or in connection with Malta Government Stocks issued under this prospectus.

20.3 Prescription

Claims in respect of Malta Government Stocks governed in terms of this prospectus will become prescribed unless presented for payment within six years from the maturity date of the Stock.

21. Collective Action Clauses (CACs)

- (a) Pursuant to the decision of the European Council of 24th and 25th March, 2011, and in accordance with Paragraph 3 of Article 12 of the European Stability Mechanism (ESM) Treaty, the model Collective Action Clauses (CACs) became mandatory in all new euro area government securities with maturity above one year issued on or after 1st January, 2013.
- (1) Pursuant to the provisions contained in the CACs, the Accountant General may, at any time, convene a meeting of stockholders to consider and approve any modifications of the borrowing terms and conditions of the Stock on issue.
 - (2) The modifications that may be carried out are of two types: (1) A 'reserved matter' modification, involving the modification of the most important terms and conditions of the Stock, such as a reduction in the principal or interest payable on this Stock, or changes in the dates when interest is payable or Stock is redeemable, or change the definition of a 'reserved matter'; and (2) A 'non-reserved matter' modification, involving the modification of less important terms and conditions other than a reserved matter.
 - (3) Under the CACs, a modification may be proposed in relation to either a single stock, a so-called single-series modification, or to more than one stock at the same time, a so-called cross-series modification.
 - (4) Modification of stock in relation to a 'reserved matter' shall require the affirmative vote of stockholders of not less than 75% of the aggregate principal amount of the outstanding stock represented at a meeting duly convened, or not less than 66 2/3% of the aggregate principal amount of the outstanding stock in the case of written resolution.
 - (5) In relation to a 'non-reserved matter' modification, the affirmative vote of stockholders of more than 50% of the aggregate principal amount of the outstanding stock represented at a meeting duly convened, or of more than 50% of the aggregate principal amount of the outstanding stock in the case of written resolution, is required.
 - (6) In all events, a proposed modification shall require the consent of the Accountant General and, if approved, shall be binding for all stockholders.
- (b) Notice of Meetings of Stockholders shall be published by the Accountant General at least 21 days prior to the date of the meeting or, in the case of an adjourned meeting, at least 14 days prior to the date of the adjourned meeting. The notice shall, amongst other matters, (1) specify the date, time and location of the meeting; (2) set out the agenda and quorum for, and the text of any resolutions proposed to be adopted; and (3) set out any additional rules adopted by the Accountant General and, if applicable, the conditions under which a cross-series modification will be deemed to have been satisfied if it is approved as to some but not all the affected series of debt securities.
- (c) The Chair of any meeting of stockholders will be appointed by the Accountant General; or if such person nominated is not present at the meeting, by the holders of more than 50% of the aggregate principal amount of the Stocks then outstanding represented at the meeting.

(d) The Accountant General shall publish, without undue delay, all notices and other matters required to be published pursuant to Stockholders Meetings and Written Resolutions:

- (1) on the Treasury's website: (www.treasury.gov.mt);
- (2) through the Malta Stock Exchange;
- (3) in the Malta Government Gazette.

(e) The Collective Action Clauses (CACs), as agreed upon by the Member States of the European Union at its summit held on 24th and 25th March, 2011, and in accordance with Paragraph 3 of Article 12 of the European Stability Mechanism (ESM) Treaty, can be found on the Treasury website (www.treasury.gov.mt) under the section reserved for the Debt Management Directorate.

Note: The above paragraph on the Collective Action Clauses (CACs) contains summarized information taken from the Model Collective Action Clauses (CACs). All potential applicants are solicited to access the detailed CACs which can be found on the Treasury website, and any decision to invest in the Stock/s should be based on consideration of the Prospectus as a whole.

22. Revisions, Data Protection Clauses and Contact Details

22.1 Revisions

The Accountant General reserves the right to modify or update from time to time the terms of this General Prospectus. In such case, the Accountant General will endeavour to give adequate notice of any material changes. Any revisions made in this prospectus will be published by the Accountant General in such manner as the Accountant General considers appropriate.

22.2 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 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 stock. 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 Registrar appointed by the Accountant General to maintain the register on its behalf. The personal data, will be subject to the Registrar's data protection policy.

22.3 Contact Details

Investors can obtain further information on Malta Government Stock and on other Malta Government Securities by contacting the Treasury Department through one of the below listed contact details:

Address: Treasury Department, Development House, Level 2-3, St. Anne Street, Floriana.

Telephone: 25967100 (General Line)

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

Website: (www.treasury.gov.mt)

30th November, 2018