

General Information on Malta Government Stocks

Malta Government Stocks (MGSs) are interest-bearing debt securities with maturities over one year that pay interest on a semi-annual basis. The issue of MGSs is governed by the [Government Borrowing and Management of Public Debt Act \(Cap. 575\)](#), the [Malta Government Stocks Regulations](#), the [Malta Government Stocks General Prospectus](#), and the [Amendment to the Malta Government Stocks General Prospectus](#). Malta Government Stocks are listed and traded on the [Malta Stock Exchange](#) (MSE).

Conventional fixed-rate Malta Government Stocks are the main debt securities by which the central government meets its borrowing requirement for the year. In fact, Malta Government Stocks account by far for the highest share of central government's debt portfolio.

In November 2009, the Treasury Department offered for the first time a structured financial debt security in the form of a medium-term Floating Rate MGS (FRN) linked to the six-month EURIBOR plus a fixed spread.

Mechanism Of Issuance

On a yearly basis, before initiating the process to issue Malta Government Stocks covering the financing programme for the year, the Treasury Department, through its Debt Management Directorate, holds close consultations with the Central Bank of Malta as part of its preparatory work for the submission to the Ministry for Finance of a proposal outlining the overall debt security issuance and risk management strategy for the year.

Recommendations are then referred for the consideration of the Public Debt Management Advisory Committee (PDMAC) which provides advice to the Minister for Finance on the recommended strategy prior to the Minister's approval.

Article 18 of the Government Borrowing and Management of Public Debt Act (Cap. 575) provides for the publication of the [Annual Borrowing Plan](#) by the end of January of each year, via a Press Release issued by the Department of Information (DOI). The Annual Borrowing Plan outlines the Government's borrowing requirements for the year, the main purpose for government's borrowing, the type of debt securities and debt instruments that will be issued, the frequency of issuance and an indication

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of the tenors of new Malta Government Stocks (MGSs) to be issued during the coming fiscal year.

The issue of MGSs is open to all types of investors, including retail investors, and irrespective of country of residence. The Treasury Department publishes an Offering Circular for each issue of Malta Government Stocks in the Government Gazette, containing the specific terms and conditions of each MGS on issue, normally ten (10) days before the opening of the issue.

Retail investors participate at fixed pre-announced offer prices, whilst wholesale/institutional investors participate in a competitive multiple price Dutch auction. The offer prices for retail investors are announced by way of a press release issued by the Department of Information (DOI) around four (4) days before the opening of applications.

[Applications forms](#) for retail investors may be downloaded from the Treasury Department's website or obtained and lodged at all Members of the Malta Stock Exchange and other authorized Investment Service Providers licensed by the Malta Financial Services Authority (MFSA). Members of the public can buy up to €499,900 per person in units of €100 in each MGS on offer.

Bids by institutional investors for the competitive auction should be in excess of €500,000 in each MGS on offer, and should be submitted on the prescribed [tender forms](#) available for download from the Treasury Department website. Completed tender forms should be sent to the Treasury Department on the e-mail addresses indicated on the tender forms or on fax number (+00356) 2596 7210.

The [results of MGS issues](#) are announced within two hours after the closing time of the auction.

At present, no primary dealer system for MGSs has been established in Malta.

Further information on MGSs, including secondary market prices and yields, can be found on the [Central Bank of Malta website](#).