No. 2042

MALTA BUSINESS REGISTRY

Explanatory Notes

Introduction

Title of Legislation	Companies Act (Agricultural Companies) Regulations, 2025
Parent Act	Cap. 386 – Companies Act
Responsible entity	Malta Business Registry

Summary and background

Aims and Objectives of the Legislation

These Explanatory Notes refer to the introduction of the Companies Act (Agricultural Companies) Regulations, (hereinafter referred to as the "regulations") The aims and objectives of these regulations are:

- To establish a regulatory framework for the formation and operation of agricultural companies in Malta;
- To ensure that agricultural companies primarily engage in agricultural activities, generating at least 51% of their revenue from such activities, with the remainder coming from ancillary agricultural activities. The regulations set prerequisites for company formation, including the requirement for directors to be registered farmers and for businesses to submit detailed plans and financial forecasts;
- To provide mechanisms for monitoring compliance, including inspections and requirements for annual declarations;
- To ensure that Agriculture Companies adhere to both sector-specific and general corporate governance standards;
- To promote the growth and sustainability of agricultural businesses while ensuring transparency and accountability in the sector;

Overview of the structure of the instrument

This legal instrument consists of twenty-one (21) regulations and a Schedule concerning the following:
- Regulation 1 –Applicability and governance;
- Regulation 2 – Definitions;
- Regulation 3 – Qualifications;
- Regulation 4 – Valid constitution;
- Regulation 5 – Objects of an agricultural company;
- Regulation 6 – Minimum share capital;
- Regulation 7 – Certificate of Registration;
- Regulation 8 – Approval and registration requirements;
- Regulation 9 – Shareholders' requirements;
- Regulation 10 – Directors' qualification;
- Regulation 11 – Nullity;
- Regulation 12 – Documentary submissions to the Registrar of Companies (hereinafter referred to as the "Registrar" for company registration;
- Regulation 13 – Conversion of Existing Companies to Agricultural Companies;
- Regulation 14– Reporting Obligations;
- Regulation 15 – Declaration of Revenue Sources;
- Regulation 16– Voluntary Dissolution of Agricultural Companies Due to Revenue Criteria;
- Regulation 17 – Striking Off of Agricultural Companies for Non-Compliance with Revenue Requirements;
- Regulation 18– Inspection and Verification Powers by the Agriculture Directorate (hereinafter referred to as the "Directorate";
- Regulation 19 – Action by Directorate for Striking-Off;

- Regulation 20 – General Application of Company Law;
- Schedule – Forms AC(1) and AC(2).

Commentary

Regulation 1 – **Applicability and governance**

The scope and applicability of the Regulations are provided.

Regulation 2 – **Definitions**

The terms 'agricultural activity', 'agricultural company', 'ancillary agricultural activities' and 'local agricultural produce' are clearly defined for enhanced legal certainty and the qualifications as to which type of agricultural entities will qualify to be regulated by this set of regulations. The terms 'certificate of registration', 'company', 'Directorate' and 'Registrar' are also defined for legal certainty.

Regulation 3 – **Qualification**

An organisation will qualify as an agricultural company under these regulations if at least 51% of its revenue is derived from agricultural activities and the remaining revenue comes from ancillary agricultural activities. Income from renewable energy initiatives that hinder agricultural output is not considered to contribute towards the mentioned percentage. Additionally, the Registrar must consult and obtain clearance from relevant authorities before registering an agricultural company.

Regulation 4 – **Valid constitution**

A company is not validly constituted under these regulations unless it complies with the requirements outlined in Parts II and III.

Regulation 5 – **Objects of an agricultural company**

A company's objects must be limited to agricultural activities, with the option to include ancillary or conducive activities, subject to article 77(3) of the Companies Act (Cap. 386) (hereinafter referred to as the "Act").

Regulation 6 – **Minimum share capital**

Article 72 of the Act applies to companies registered under these regulations, with a minimum paid-up share capital requirement of 15%.

Regulation 7 – **Certificate of Registration**

The Registrar shall issue a certificate of registration attesting to the company's formation and authorisation to commence business from the registration date.

Regulation 8 – **Approval and registration requirements**

The registration of a company under these regulations requires prior written approval from the Directorate. This request must be accompanied by the requisites listed in sub-regulation (2). The Directorate is required to review the request and issue its decision within two (2) months. The Registrar cannot proceed with the company's registration unless the Directorate's approval has been obtained.

Regulation 9 – **Shareholders' requirements**

At least 51% of the voting shares must be held by individuals registered as farmers with the Directorate as per the Nitrates Action Programme Regulations (S.L. 549.66).

Regulation 10 – **Directors' qualification**

At least one (1) director must be an individual registered with the Directorate and categorized as per the Nitrates Action Programme Regulations (S.L. 549.66).

Regulation 11 – **Nullity**

Any resolution, decision, or action by the company that violates the requirements of Part III of the regulations will be considered null and void. Additionally, the Registrar will reject any changes to the company's share capital, board of directors, or other required documents if the agricultural company no longer meets the stipulated requirements.

Regulation 12 – **Documentary submissions the Registrar for company registration**

In addition to any provisions of the Act regarding the formation of a new company, a proposed agricultural company is to submit to the Registrar of Companies, the Directorate's approval, evidence of registration of the shareholders and directors as farmers. The Registrar may also request any other documents or information deemed necessary to ensure compliance with these regulations.

Regulation 13 – **Conversion of Existing Companies to Agricultural Companies**

Any company registered under the Act that could not have used the option in regulation 1(2) may still be registered under these regulations if it meets certain conditions. These include compliance with the requisites set out in paragraphs (a) to (c) of this regulation.

Regulation 14 – **Reporting Obligations**

An agricultural company formed and registered under these regulations must submit its annual accounts, annual returns, and beneficial ownership information to the Registrar in accordance with the provisions of the Act and subsidiary legislation issued thereunder. In case of default, it is being clarified that the administrative penalties and associated provisions under the Companies Act and the Companies Act (Register of Beneficial Owners) Regulations (S.L.386.19), shall apply accordingly.

Regulation 15 – **Declaration of Revenue Sources**

In addition to the requirements of the Companies Act, an agricultural company must submit a declaration with its annual accounts to the Registrar, confirming that at least 51% of its revenue comes from agricultural activities and the rest from ancillary agricultural activities, as outlined in the Schedule. A director who makes this declaration without reasonable grounds will be committing an offence and could face a fine (multa) of up to €50,000, or imprisonment for up to three (3) years, or both fine (multa) and imprisonment. Failure to submit such a declaration accompanying the annual accounts shall result in the Registrar's disregard of such annual accounts and the latter shall not be deemed as submitted.

Regulation 16 – **Voluntary Dissolution of Agricultural Companies Due to Revenue Criteria**

If an agricultural company no longer generates at least 51% of its revenue from agricultural activities and the rest from ancillary agricultural activities, it may pass an extraordinary resolution to be dissolved and voluntarily wound up, or apply to the Registrar for a simplified dissolution procedure in terms of article 214A of the Companies Act.

Regulation 17 – **Striking Off of Agricultural Companies for Non-Compliance with Revenue Requirements**

If an agricultural company fails to generate at least 51% of its revenue from agricultural activities and the rest from ancillary activities, the Directorate shall order the company to be struck off the register. Before issuing such an order, the Directorate will provide a one-month written notice to the company's officers and registered office, allowing them to remedy the situation. The notice will specify the reason for the potential striking off and the deadline. Once the notice is issued, it will be published on the Registrar's online portal, stating the expiry date of the one-month period. After the one-month period lapses, the Directorate will issue the order to strike off the company, and the Registrar will publish the order along with the date of striking off and the legal reason for it.

Regulation 18 – **Inspection and Verification Powers by the Directorate**

The Directorate has the authority to verify the validity of an agricultural company's registered office, conduct on-site inspections to ensure that the listed shareholders and beneficial owners are accurate, and confirm that at least 51% of the company's revenue comes from agricultural activities, with the remaining revenue from ancillary activities. To perform these inspections, the Directorate or an assigned person has the right to access the company's premises and any relevant documentation, in compliance with data protection requirements. Company officers must assist the Directorate and provide requested information promptly, including allowing the Directorate to make copies of documents.

Regulation 19 – **Action by Directorate for Striking-Off**

If on-site inspections reveal that an agricultural company is not generating at least 51% of its revenue from agricultural activities and the rest from ancillary activities, the Directorate will initiate the procedure outlined in regulation 18.

Regulation 20 – **General Application of Company Law**

Agricultural companies formed and registered under these regulations will remain subject to the provisions of the Act and any related regulations for all matters not covered by these regulations.

SCHEDULE – **Forms AC(1) and AC(2)**

Form AC(1) is a notice that allows an agricultural company, which was formed and registered under the Act before the regulations came into force, to elect to be governed by the new regulations. The company must file this notice by the specified deadline.

Form AC(2) is a declaration that must be submitted to the Registrar along with the company's annual accounts. The declaration confirms that at least 51% of the company's revenue comes from agricultural activities, with the remaining revenue derived from ancillary agricultural activities. This form is part of the company's compliance with the regulations, in addition to its obligations under the Companies Act.

Conclusion

Should more information be required kindly contact the MBR on 22582300 or at legal.enforcement@mbr.mt.

N.B. These Explanatory Notes are not intended to be an exhaustive description of the instrument nor a substitute thereof or a legislative supplement to it. These Explanatory Notes do not purport to be an authoritative ruling on the interpretation of the legislation.

26th December, 2025

No. 2043

MINISTRY FOR FINANCE

User Guidelines[1]
Financial Markets Act (Sponsors) Regulations, 2025

The title of these Regulations is the Financial Markets Act (Sponsors) Regulations, 2025. They are to be issued under the Financial Markets Act (Cap. 345 of the Laws of Malta).

These Regulations supplement the relevant provisions of the Financial Markets Act pertaining to sponsors and seek to regulate the registration of such sponsors, including the application, the cancellation or suspension of such registration, and any requirements, restrictions and conditions in relation thereto.

[1]These User Guidelines have been prepared for the purpose of article 3(2)(d) of the Small Business Act (Chapter 512 of the Laws of Malta).

A sponsor is a person who provides advice, guidance and expertise to issuers who are applying or who wish to apply for the admissibility to listing of securities on a local regulated market. The role of the sponsor is of great importance since a sponsor is the first port of call for prospective issuers and is considered to be the first line of defence in preventing persons who are not fit and proper from accessing the Maltese capital markets.

The proposal to strengthen the sponsors' regime is part of the comprehensive fivepillar strategy of the Malta Financial Services Authority (the "MFSA") to foster growth and innovation within the local capital markets, whilst protecting investors and financial market integrity and stability. The cornerstone of this proposal is essentially the introduction of a registration framework for sponsors, to raise the standards of these market players based on increased accountability and clearer responsibilities.

The Regulations were issued for public consultation on 19 May 2025, where the MFSA sought stakeholders' views on the proposed legislative framework pertaining to the sponsors' regime. The consultation period closed on the 15 July 2025, with the respective Outcome Report published on the 14 August 2025. The MFSA subsequently issued a Feedback Statement providing clarifications on comments raised with respect to the Regulations.

In order to regulate sponsors, the MFSA had introduced the necessary empowering and related provisions in the Financial Markets Act, with further granularity to be provided for in the Regulations and the Capital Markets Rules issued by the MFSA.

The Regulations provide details on the registration framework for sponsors and seek to:

i. set out the conditions in which issuers are required to appoint a sponsor (**regulation 3**);

ii. describe the manner in which a sponsor must apply for registration with the MFSA (**regulation 4**);

iii. introduce provisions on the refusal or granting of registration (**regulation 5**);

iv. set out the manner in which the MFSA shall notify a person applying for registration as a sponsor of its decision (**regulation 6**);

v. introduce provisions on the variation of any registration conditions (**regulation 7**);

vi. detail the circumstances in which the MFSA may cancel or suspend registration (**regulation 8**);

vii. introduce provisions pertaining to administrative penalties, other administrative measures and the right of appeal (**regulation 9**); and

viii. reiterate the power of the MFSA to issue Capital Markets Rules applicable to sponsors (**regulation 10**).

By virtue of the newly added article 12B of the Financial Markets Act, a person who is providing the services of a sponsor on the date of entry into force, is required to apply for registration with the MFSA within two (2) months from the date of coming into force of the legislative amendments, if such person is to continue to offer such services. Furthermore, such person may only continue to offer such services if such person is registered by the MFSA within ten (10) months from the date of coming into force of article 12B which shall coincide with the date of entry into force of Regulations. In this regard, it is expected that the Regulations and the relevant provisions amending the Financial Market Act (including article 12B) shall come into force on 1st January 2026.

These User Guidelines should be read in conjunction with, and as supplementary guidance to, the Regulations and should not be deemed to substitute a thorough reading thereof. In case of any conflict between the contents of these User Guidelines and Regulations, it is the latter that shall prevail.

In case of any queries in relation to the above, the MFSA may be contacted on +356 21441155.

26th December, 2025