

FEEDBACK BY THE MALTA CHAMBER

The Company Act (Youth Enterprise) Regulation

Presented to : Malta Business Registry

Date : 09/02/2025

Version : FINAL

1. Introduction

The Malta Chamber of Commerce, Enterprise and Industry, welcomes the opportunity to provide feedback on the proposed regulations issued by the Malta Business Registry concerning the establishment and operation of Youth Enterprises. We fully support the underlying objective of encouraging youth entrepreneurship and fostering early exposure to business activity within an appropriate regulatory framework.

Our comments are intended to be constructive and practical, focusing on areas where additional clarity, proportionality, or guidance would strengthen the effectiveness of the regulations, reduce legal and operational uncertainty and improve their overall uptake and impact.

In particular, we have sought to highlight issues that may affect governance, legal certainty, mentor accountability and the long-term viability of Youth Enterprises, while remaining aligned with the policy goal of safeguarding minors.

2. Comments

2.1. Clarity of Objectives

The regulations would benefit from clearer articulation of the overarching objectives and policy intent of the legal notice, particularly the purpose it seeks to achieve in promoting youth entrepreneurship and how success is to be measured.

2.2. Age Limit Restrictions

Further clarification is requested on the rationale behind restricting eligibility to persons aged between 16 and 17 years. Consideration should be given to explaining the policy basis for this limitation and whether alternative age ranges were assessed.

2.3. Exclusion of Holding Activities

Clarification is sought on the provision stating that the object of a Youth Enterprise cannot be that of a holding entity. It would be helpful to understand the reasoning behind this exclusion and whether any limited or indirect holding activities could be permitted.

2.4. Contractual Capacity of Members

While the regulations provide that members may sign the memorandum and articles and act as joint legal and judicial representatives, further guidance is required on:

- The scope of this capacity in practice; and
- How this provision interacts with existing laws on minority and contractual capacity, particularly in third-party dealings.

2.5. Definition and Eligibility of Mentors

The minimum age requirement of twenty-one (21) years for mentors appears relatively low given the responsibilities assigned. Consideration should be given to increasing this threshold. Additionally, the term “*commercial experience*” should be more precisely defined to avoid ambiguity and inconsistent interpretation.

2.6. Register of Mentors – Updates and Review

Clarification is requested on how frequently the Register of Mentors will be reviewed and updated, and whether mentor approval is subject to periodic renewal (e.g. annually).

2.7. Mentor Assessment and Time Commitment

Further detail is requested regarding:

- Any assessment or performance evaluation mechanisms for mentors and Youth Enterprises; and
- Whether a minimum number of mentoring hours or engagement level will be required.

2.8. Mentor Liability and Decision-Making Powers

The liability framework applicable to mentors would benefit from further balance and clarity. While the regulations state that mentors should not play an active managerial role, certain provisions (such as the casting vote) grant decision-making authority. This apparent inconsistency should be reviewed to clearly delineate responsibility and exposure.

2.9. Cessation of Mentor Appointment

Article 10 (2) would benefit from clarification as to what constitutes a mentor having “*ceased to act as such*”, including whether this refers to resignation, removal, expiry of approval, or other circumstances.

2.10. Voting Rights of Members

The provision granting each member one vote irrespective of shareholding raises governance considerations. Further justification or explanation of this approach would be helpful, particularly in relation to capital contribution and risk.

2.11. Restriction on Employees

The absolute prohibition on Youth Enterprises employing staff may limit operational viability. Consideration could be given to allowing limited or part-time employment under defined conditions.

2.12. Approval of Objects in the Memorandum and Articles

Clarification is requested on whether the stated objects of a Youth Enterprise are subject to approval by the Malta Business Registry or another authority, and the criteria that will be applied in such approval.

2.13. Appointment Process for Mentors

Further detail is requested on the process for appointing mentors, including:

- Selection criteria.
- Approval timelines; and
- Whether Youth Enterprises may propose their own mentors or must select from an assigned pool.

2.14. Meaning of “Basic Accounts”

Article 17 refers to the filing of “basic accounts”. Additional guidance is required on what this entails, including the level of detail, applicable accounting standards, and whether templates will be issued.

2.15. Licences Held in Trust

Where licences are held conditionally in trust by mentors until members reach the age of eighteen (18), clarification is required on the legal basis of such trust arrangements and the extent of mentor responsibility and liability during this period.

2.16. Automatic Disqualification at Age 18

The automatic disqualification and immediate resignation of members upon reaching the age of eighteen (18) may be unduly restrictive. Consideration should be given to introducing a reasonable grace period to allow time for conversion into a commercial partnership.

2.17. Public Access to Information and Data Protection

Article 21 raises potential data protection and GDPR concerns, particularly in relation to the public availability of mentors’ correspondence addresses and other personal data. Clarification is requested on how compliance with data protection legislation will be ensured.

3. Conclusion

In conclusion, The Malta Chamber believes that the proposed framework has the potential to be a useful tool for promoting youth entrepreneurship in Malta, however, its success will depend heavily on clear policy intent, coherent alignment with existing legal principles. Also, sufficiently flexible provisions that reflect practical business realities will help.

The Malta Chamber remains available to engage further with the Malta Business Registry to contribute constructively to the refinement of the regulatory framework.



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