








GOING PUBLIC

*A brief guide on going public & issuing securities
“Access to finance via the capital market”*

Capital Market Development Authority
MALDIVES

WHAT'S INSIDE...

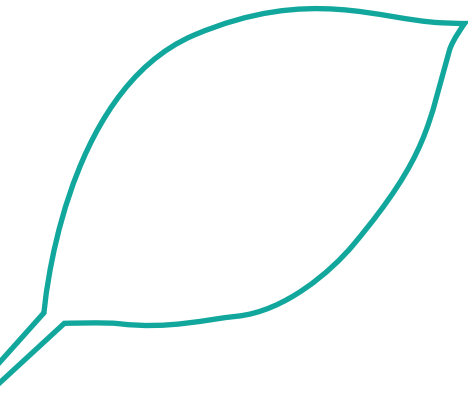
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LIST OF ABBREVIATIONS

ROC	Registrar of Companies
MSE	Maldives Stock Exchange
CMDA	Capital Market Development Authority
IPO	Initial Public Offering
CDOI	Securities (Continuing Disclosure Obligations of Issuers) Regulations 2010
CG Code	Corporate Governance Code

Disclaimer:

The information provided in this booklet is for awareness purpose only. While reasonable care has been taken to prepare this document, CMDA accepts no responsibility or liability whatsoever, resulting from the use of the information herein. The fees, processes and procedures are subject to change.



Introduction

For a private company that is being managed well, accessing finance by issuing securities via the capital market is a viable alternative to other types of financing. This booklet is a summary guide for such companies intending to issue securities. It explains the process of re-registering as a public company and subsequently, listing on the stock exchange and issuing securities.

The Going Public Process

When your business seeks to raise funds via capital market, the company is challenged by a number of steps and variables such as regulatory concerns, market conditions, the readiness of investors and other such factors. The going public process usually involves the following:

Step 1

Register as a public company

The following requirements have to be fulfilled:

- A minimum share capital of MVR 1,000,000
- At least 10 shareholders
- At least 5 directors
- The Board Directors shall be appointed in line with the CMDA CG Code

Submit the following documents to the Registrar of Companies with the registration fee:

- Special resolution to re-register as a public company
- Special resolution to make alterations to the Memorandum and Articles of Association to conform with the requirements of a public company
- Revised Memorandum of Association
- Revised Articles of Association

Registration fee:

Authorized share capital (MVR)	Fee
Up to 10,000.00	MVR 1,000.00
Between 10,000.00 and 500,000	MVR 10.00 for every 4,000
Between 500,000-4,000,000	MVR 4.00 for every 4,000
Between 4,000,000-8,000,000	MVR 2.00 for every 4,000
Above 8,000,000	MVR 1.00 for every 4,000

Step 2

Book Building Process

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Market research to analyze potential in the market (price discovery)

Step 3

Preparation of Prospectus/Listing Information:

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- Consultation with CMDA/MSE
- Company review by Management/ Company directors
- Appoint Managers & Secretaries to the issue
- Appoint Banker
- Appoint Auditor
- Appoint Underwriters if needed
- Meeting institutional investors if needed

Step 4

Lodge Prospectus

Lodge Prospectus with ROC/CMDA/MSE

- When the prospectus is approved by the ROC, start listing process
- Send listing application to the MSE

Step 5

Submit Listing Application to MSE with approved Prospectus from ROC

Submit Listing Application to MSE with approved Prospectus from ROC

Listing Application is reviewed by MSE
Approval for listing is granted by MSE

Step 6

IPO Period

IPO Period

- Application & prospectus must be available at least 14 days before opening the issue
- Roadshows, one-on-one meetings with investors
- Advertising on media

Step 7

IPO Announcement

IPO Announcement

- Announce date of opening the issue
- Keep the subscription open for a minimum of 15 and maximum of 35 market days
- Announce the closure of application

Step 8

Allotment

Allotment

- Finalize allotment within 14 market days following the closure of the issue
- Notify shareholders in writing the allotted number of shares
- File Allotments with the registrar of companies

Continuing Obligations

There are continuing obligations of being a listed company, relating mainly to compliance with the following rules and regulations:

MSE Listing Rules

Listing Rules set out the minimum standard requirement for listed companies. The aim of which is to ensure that market activities are conducted in a fair, orderly and transparent manner.

Securities (Continuing Disclosure Obligations of Issuers) Regulations 2010 (CDOI)

The CDOI requires companies to immediately disclose any information which a reasonable person would expect to have a material effect on the price or value of its shares.

In addition to this, listed companies are required to submit Annual Report including Financial Statements and Quarterly Report on a timely basis.

CMDA Corporate Governance Code

Market integrity and corporate governance are closely linked with listed companies and the main purpose of the Code is to protect existing investors by providing accountability & transparency, while attracting others to invest in the market with increased confidence. It Creates value (through entrepreneurial, innovation, and development) and Implements effective control mechanisms in relation to the risks involved.

In short, 'Corporate governance' ensures that companies are directed and managed at board and management level in a fair and transparent manner. It provides guidance on how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimized.

Benefits of Going Public

Successful private companies at some point consider listing their shares on stock market because the decision to list on a public market is of great significance for any company. There are many reasons behind why a company might consider listing as a good move to increase business opportunities.

Enhancing the market value of the business

Companies listed on a Stock Exchange are typically worth more than similar companies that are privately held because of increase in transparency and compliance to rules and regulations reduce the uncertainty around performance and future prospects of a company which in turn increases business value.

As a result of this, investors are willing to pay a premium for 'increased liquidity' due to the ability to sell and buy shares easily.

Access to capital and future financing opportunities

Going public provides equity financing opportunities to grow the business - from expansion of operations to acquisitions. The issuance of public shares will expand company's investor base and will help set the stage for secondary equity financings, including private placements. Moreover, listed issuers often tend to receive more

favorable borrowing terms from financial institutions.

Increased visibility and prestige

Going public enhances company's visibility. Greater public awareness gained through media coverage, and publicly filed documents and coverage of your stock by investment.

Institutional investment

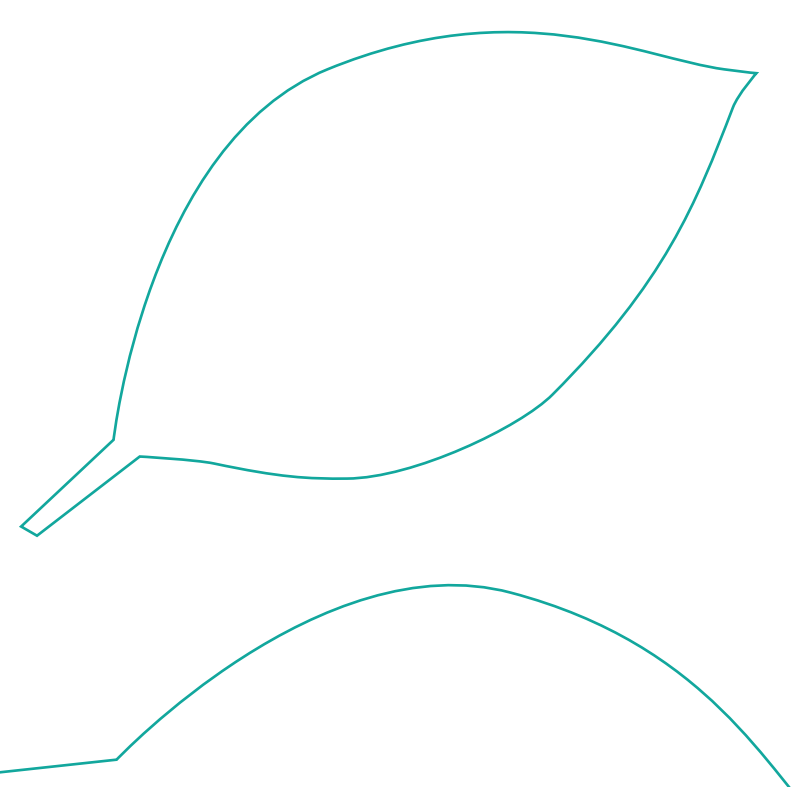
Listed companies are able to attract professional or institutional investment as a result of the increased availability of information and ability to buy and sell shares, ease of entry to and exit from a public listing.

Liquidity for shareholders

Becoming a public company establishes a market for company's shares, providing investors with a well-organized, transparent and regulated vehicle in which to trade their own shares. Liquidity in the public market can lead to better valuation than would be seen through private transactions.

Efficiency

The requirement for more rigorous disclosure standards tend to lend itself to better systems and controls, improved management information, and greater operating efficiency of the business as a whole.



Fees

The table below shows details of the fees/costs incurred in each step.

#	Details	Amount in MVR	Remarks
1	Re-register as a Public Company	5,000.00	Authorized capital Between 500,000 and 4,000,000 (to be paid to ROC)
2	Finalized the Prospectus	50,000.00 (Maximum)	35,000 plus 0.05% of total amount quoted to be raised from the public (to be paid to CMDA)
Equity Listing			
Main Board			
3	Undertaking and listing application	100,000.00 - 250,000.00	0.05% of the amount to be listed - with a minimum of 100,000 and maximum of 250,000.
4	Listing Fee (based on market capitalization)	45,000.00	Up to 100,000,000
2nd Board			
5	Undertaking and listing application	75,000.00 - 250,000.00	0.05% of the amount to be listed - with a minimum of 75,000 and maximum of 250,000.
6	Listing Fee (based on market capitalization)	45,000.00	Up to 100,000,000
Startup Board			
7	Undertaking and listing application	25,000.00 - 250,000.00	0.05% of the amount to be listed - with a minimum of 25,000 and maximum of 250,000.
8	Listing Fee (based on market capitalization)	25,000.00	Up to 100,000,000

Debt Securities					
1st Board					
9	Listing Application Processing Fee	Central Government Debt Securities	50,000.00 250,000.00	-	0.03% of issued face value of total issue to be listed with a min of 50,000/- and max of 250,000/-
		Local Government and Corporate Debt Securities	100,000.00 250,000.00	-	0.05% of issued face value of total issue to be listed with a min of 100,000/- and max of 250,000/-
10	Annual Listing Fee	Central Government Debt Securities			0.03% of issued face value of outstanding bonds
		Local Government and Corporate Debt Securities			0.05% of issued face value of outstanding bonds
Startup Board					
11	Annual Listing Fee	Local Government and Corporate Debt Securities	25,000.00 250,000.00	-	0.05% of issued face value of total issue to be listed with a min of 25,000/- and max of 250,000/-
12	Annual Listing Fee	Local Government and Corporate Debt Securities			0.05% of issued face value of outstanding bonds



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