



# CMDA

Capital Market Development Authority

## QUARTERLY REPORT

QTR 01, 2012

Capital Market Development Authority,  
MTCC Tower, 4<sup>th</sup> floor, Boduthakurufaanu Magu,  
Republic of Maldives, Male'  
Phone: 00960 333 6618, Fax: 00960 333 6624,  
Website: [www.cmda.gov.mv](http://www.cmda.gov.mv)  
Mail: [mail@cmda.gov.mv](mailto:mail@cmda.gov.mv)

# CMDA Quarterly Report

## PREFACE

This report covers the Capital Market news and developments during the 1st Quarter of 2012.

## REGULATORY ACTIVITIES

### Board Meetings

The Board of Directors of the Authority met five times during the quarter and the following matters were discussed and resolved:

### Resolutions & Important Discussions

- Approved amendments to the Regulation on Conduct of Securities Business to facilitate Shariah Compliant Stock Brokerage Services.
- Approved fees for registration of Shariah Compliant Stock Brokerage Services.
- Approved the voluntary provisions (section 8 & 10) of the Corporate Governance Code as mandatory provisions.
- Approved the amendments proposed to CMDA Board Regulation.
- Approved the Whistle-blowing Policy of CMDA.
- Approved the Enforcement & Appeal Procedures of CMDA.
- Resolved to register Principal Advisers under the Guidelines on Principal Advisers.

## LICENSING & REGISTRATIONS

### Principal Adviser Registration

The main responsibility of a Principal Adviser is to ensure that the corporate proposals submitted to the Authority on issuance of securities are in compliance with the requirements of the applicable laws & regulations.

The first Principal Adviser registration under the Guidelines on Principal Advisers was granted to Mr. Mohamed Areef on 28th March 2012.



Ms. Mariyam Visam, Director General (left) awarding a Principal Adviser Registration to Mr. Mohamed Areef

## MARKET REGULATION AND PENSION SUPERVISION

### Inspections

The inspection teams of the Authority fielded for the following inspections during the quarter:

- The Annual On-site Inspection of MSE and the MSD for the year 2011 was conducted to check the level of compliance to the respective laws and regulations. Based on the findings recommendations for improvement were communicated accordingly.
- Quarterly Inspection of Dealing Companies, Aariya Securities Pvt Ltd and Stock Brokers Maldives Pvt Ltd were carried out. The focus of the inspection was the internal control mechanism established to comply with the rules and regulations enforced.
- Offsite inspection of the licensed credit rating agency, CARE Ratings Maldives Pvt Ltd for the year 2011 was carried out during the quarter. The inspection was conducted by utilizing the Authority's Offsite Surveillance Reporting framework for Credit Rating Agencies.
- Annual on-site inspection of the Maldives Pension Administration Office (MPAO) was completed during the quarter under the guidance of the consultant from the World Bank, Mr. Leendert Van Driel. Presentations on preliminary findings of the inspection was delivered to the Board of Directors of the Authority and the Board Members of MPAO.

## Enforcement Actions

Enforcement Actions were taken against Bank of Maldives PLC due to BML's failure to comply with Section (7) of the Securities (Continuing Disclosure Obligations of Issuers) Regulations. The Authority imposed a fine of MRF 10,000 and notified that if BML fails to publish 4th Quarter Report by 31st March 2012, the Authority will suspend trading of BML securities on the MSE.

Following the Enforcement Actions, BML published its 4th Quarter Report on 29th March 2012.

## Strengthening Pension Supervision Project

World Bank Project on Strengthening Pension Supervision which commenced in 2009 was completed during the quarter. One of the main objectives include developing supervisory tools for Pension Supervision.

Using experience from other countries that have implemented risk-based supervision and based on risk-based supervision toolkit of the International Organization of Pension Supervisors (IOPS), the Authority has adopted a risk-based approach to supervising the Maldives Retirement Pension Scheme.

The risk management framework assists to apply a structured process aimed at identifying the most critical risks faced by the Maldives Retirement Pension Fund, which is reviewed by the Authority in assessing the Maldives Retirement Pension Fund's management of those risks.

One of the main objectives of risk-based supervision is to ensure sound risk management is in place taking into account both quality of risk management and the accuracy of risk assessment.

## CORPORATE GOVERNANCE

Whistle-blowing policy of listed companies was reviewed to ensure that a mechanism has been introduced as per the mandatory provision of the Corporate Governance Code.

Training schedule of Capital Market & Corporate Governance Institute (CMCGI) & Institute of Corporate Directors & Secretaries (ICDS) is available at [www.cmda.gov.mv](http://www.cmda.gov.mv)

## TRAINING & AWARENESS

### School Presentations

With the objective of raising awareness of capital markets among young investors, presentations were conducted during the quarter. A total of 6 schools in Male' zone including Aminiya School, Hiriya School, Muhyiddin School, Jamaaluddin School, Iskandhar School & Maafannu Madhrasa were covered with a total of 655 students.

In addition to this, a presentation was also conducted for the students of MAPS College. The major topics covered in these presentations include Capital Market Development Authority and its mandates, Stock Market Operations, Saving & Investment, & Retirement Savings.

### Training for Corporate Directors

3 day training program for corporate directors was conducted by the ICDS from 17th to 19th January 2012. A total of 15 directors participated in the program. The sessions were jointly conducted by the CMDA staff and ICDS resource persons. The major topics covered in the training program include Competencies of Directors, Corporate Governance for Maldives, Risk Management & Business Ethics.

### Training on Risk Based Supervision

Training programs on Risk Based Supervision were conducted for the technical staff and Board of Directors of the Authority. Areas covered during the training program include Risk Assessment Framework applied in Pension Supervision and Governance Assessment Framework.

During the quarter, the Pension Supervision Department also provided information on the Authority's role in Pension Supervision to various stakeholders.



Board of Directors of CMDA attending a training on Risk Based Supervision

## EXAMINATIONS

- Following the ICDS Training Program, an Examination for Corporate Directors was conducted on 7th February 2012. Out of the 15 participants, 12 candidates took the examination.
- The first examination for Principal Advisers was conducted on 16th February 2012 and a total of 3 candidates took the examination.

## PUBLIC OFFERING

Discussions were held with Allied Insurance Company regarding going public. Main discussions include the process of converting to a public limited company and various rules and regulations applicable to issuers of securities.

## SHARE TRADING OF DHIRAAGU AND AMANA TAKAFUL

Shares of Dhiraagu and Amana Takaful Maldives is open for trading on the Maldives Stock Exchange during the quarter. The market capitalization were recorded at MRF 6,080,000,000 for Dhiraagu and MRF 283,387,818 for Amana Takaful respectively.

## IMPORTANT MEETINGS

- Meeting with the Minister of Finance & Treasury to discuss issues and challenges facing capital market development.
- Meeting with the Maldives National Planning Council to discuss the establishment of an Off-shore Financial Center.
- Meeting of CMDA and MSE Board of Directors were held to discuss market development and long term sustainability of MSE.
- Meeting with Local Government Authority to discuss a framework for issuance of Municipal Bonds.
- Meeting with the Indian High Commission to discuss MoU between CMDA & SEBI.
- Meeting with MMA on Anti-Money Laundering and Combating Financial Terrorism.

- Meeting with Public Enterprises Monitoring & Evaluation Board (PEMEB) on conducting training programs for Directors of SOEs.

## HIGHLIGHTS

### *CMDA Anniversary*

On 26th January 2012, celebrations were held to mark the 6th Anniversary. The Chief Guest for the event was former Chairperson of the Authority, Ms. Mariyam Hussein Didi

During the function, a special presentation was delivered by the Director General Ms. Azleema Ahmed, highlighting various milestones and achievements of the Authority since its establishment in 2006.

During the ceremony, Mr. Muslih Mohamed Ismail, Senior Officer (Pension Supervision Department) was awarded the Employee of the Year Award 2011 and Ms. Fathmath Nadha, Manager (Licensing & Market Regulation Department) was awarded the Certificate of Recognition for Service Excellence.



Ms. Mariyam Hussain Didi, (left) awarding the Employee of the Year Award 2012 to Mr. Muslih Mohamed Ismail

### *Principal Adviser Registrations Open Now*

Principal Advisers prepare Corporate Proposals (prospectus and other offer documents) for issuer that is to be listed on the Stock Exchange. FAQ on Registration & other requirements are available for download from link:

<http://cmda.gov.mv/laws-and-regulations/laws-and-regulations/>

### **Investor Education & Awareness Programs**

21st April: CMDA Essay Writing Competition

14th June: CMDA Art Competition