



CMDA

Capital Market Development Authority

QUARTERLY REPORT

QTR 02, 2011

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CMDA Quarterly Report

PREFACE

This report covers market news and developments during the 2nd quarter of 2011.

REGULATORY ACTIVITIES

Board Meetings

The CMDA Board met six times during the quarter and the following matters were resolved:-

Resolutions

- Approved CMDA Annual Report and Annual Financial Statements 2010
- Approved revision to the Capital Market Strategic Plan 2010—2014 incorporating the strategies for developing the Islamic Capital Market
- Approved the composition and appointment of the Capital Market Shariáh Advisory Committee
- Approved the Capital Market Shariáh Advisory Committee's Operational Guidelines
- Approved the Remuneration of Shariáh Advisory Committee Members and the Committee Secretariat
- Approved Guidelines on Shariáh Compliance Review for Pre-IPO Securities
- Approved IPO processing fee for conventional securities
- Approved amendment to the definition of Securities in the Maldives Securities Act (02/2006) to include Shariáh compliant securities or Islamic securities
- Approved amendments to the First Board Listing Rules, Second Board Listing Rules and Debt Listing Guidelines to facilitate listing of Shariáh compliant securities
- Approved Amana Takaful Maldives Plc to list on the MSE as the first company to issue Shariáh compliant securities
- Approved logo of the Institute of Corporate Directors & Secretaries
- Approved the Shariáh concepts and principles for the purpose of structuring, documenting and trading of Shariáh compliant securities
- Approved Dealers licence of First Option Pvt Ltd
- Approved the Fees for Resource Persons conducting lectures and presentations for CMDA

CAPITAL MARKET SHARIÁH ADVISORY COMMITTEE

The Capital Market Shariáh Advisory Committee (CMSAC) was appointed to advise the Authority's Board of Directors on Shariáh related matters.

The Committee comprises of the following members:

- Ms. Aishath Muneeza (Chairperson / Private sector representative)
- Mr. Ismail Wisham (Private sector representative)
- Mr. Mohamed Nizam (Representative from MMA)
- Ms. Fathimath Shafeega (CEO of CMDA)
- Mr. Makhzoom Saleem (Senior Manager of CMDA)

Furthermore, Dr. Abdul Majeed Abdul Bari was also appointed as the Shariáh Advisor to the CMSAC.

Interpretation of "Securities" under Maldives Securities Act

As per Maldives Securities Act, any instrument prescribed by the Authority can be considered as Securities for the purpose of the Act. The definition of 'Securities' under the Act has been broadened to include 'Shariáh Compliant Securities or Islamic Securities'.

Licensing

- Dealers Licence was issued to First Option Pvt Ltd on 28th June 2011. The company is expected to commence its operations within 30 days from the issue of licence.
- Dealers Representative Licence was issued to Mr. Shaafy Abdul Raheem to represent First Option Pvt Ltd.

MARKET REGULATION AND SUPERVISION

Regulatory & Enforcement Notices

- Circular was issued to the Listed Companies clarifying the definition of Issuers under the 'Securities (Continuing Disclosure Obligation of Issuers) Regulation'. In addition, if the issuer and subscriber are listed companies or their subsidiaries, the listed company or the subsidiary involved in such transactions are required to disclose information regarding their transactions.
- Circular was issued regarding additional licensing conditions imposed on Dealing Companies. Dealing Companies are required to submit a business plan and also to ensure commencement of operations in accordance with the regulations of the Authority within 30 days from the issue of licence.

- A Circular was issued to the listed companies to appoint an individual as a focal point for information sharing with the Authority under the 'Securities (Continuing Disclosure Obligation of Issuers) Regulation' and also to hold listed companies meeting every alternative month to discuss issues relating to CDOI Regulation.
- A Directive was issued to MSE, advising to abide by the Stock Exchange Licensing Regulations.

Market Surveillance

Weekly market surveillance reports were prepared to observe any unfair trading activities in the market. There were no alerts from the MSE, based on trading analysis during the quarter.

Furthermore, to maintain the consistency of the information provided in the share certificates of Listed Companies, the Authority is working on standardizing the contents of the share certificates.

Inspections

Routine inspections of supervised institutions were undertaken during the quarter.

Inspections of licensed intermediaries, MSE, MSD and Dealing Companies were undertaken during the quarter.

In addition, a special inspection was carried out to identify the weaknesses of the MSD Systems.

Furthermore, following the recommendation given based on the onsite inspection of MPAO, a follow-up inspection was carried out.

Moreover, an offsite inspections of MTCC, BML and STO were carried out during the period under review to observe the extent to which the companies are in compliance with the Corporate Governance code.

Approval of Fees & Fines

The fees, commissions and charges schedule was updated and published on the website for clarification and easy access to the information by the market intermediaries.

The following fees were approved by the Board of Directors during the quarter under review.

- Prospectus vetting and Processing fee for companies applying to issuing Shariáh compliant securities
- Rf. 35,000/- + 0.05% of the total amount quoted to raise from public
- Processing fee for companies applying for conventional listing Rf. 50,000/- + 0.05% of the total amount quoted to raise from public

Please visit www.cmda.gov.mv for more information

Annual General Meetings of Listed Companies

- Listed companies are required to hold the Annual General Meeting five months from the close of the financial year. MTDC and STO held the Annual General Meetings within the time frame. However, MTCC and BML were unable to hold their meetings due to issues regarding the nomination of candidates to the Board of Directors.
- Listed companies were unable to publish the annual accounts, auditor's report and directors' report for the previous accounting period within four months from the close of the financial year under the 'Securities (Continuing Disclosure Obligation of Issuers) Regulation'. As such, the Authority granted 15 days extension to all the listed companies.

TRAINING AND AWARENESS

Presentations

Presentations on Capital Market, Savings and Pensions was delivered to the students of Faculty of Management and Computing, Hiriya School, Maafannu Madharusa, Madhrasathul Ameer Ahmed and to the North Ari Atoll (Alif Alif Atoll) and South Ari Atoll (Alif Dhaal Atoll) to enhance financial literacy and awareness.

In addition, a presentation on Corporate Governance was delivered in an awareness program conducted for the utility companies by the Ministry of Finance and Treasury.

Lecture on transparency and governance in financial reporting was delivered in collaboration with Ernest and Young.

Furthermore, as part of the Going Public campaign, discussions were held with the senior officials of Amana Takaful Maldives, Island Aviation, Housing Development and Financial Corporation and Sony Enterprises to encourage listing on the Stock Exchange.

Public Awareness Lecture on Islamic Finance

A public awareness lecture on Islamic finance was organized in collaboration with the Ministry of Islamic Affairs on 12th May 2011. The lecture was delivered by Ms. Aishath Muneeza, Chairperson of Capital Market Shariáh Advisory Committee of the Authority.

Seminar on Sukuk

A seminar on Sukuk was conducted in collaboration with the Islamic Development Bank (IDB) on 25 April 2011. The 1 day seminar which was led by senior officials of IDB was attended by 31 participants.

CG IMPLEMENTATION

Establishment of Institute of Corporate Directors and Secretaries

Institute of Corporate Directors and Secretaries (ICDS) has been established with the aim of promoting high standards of Corporate Governance among companies and to develop professional practice of Corporate Directorship and Company Secretaries in line with the international best practices.

The institute also maintains a register of candidates eligible to become Corporate Directors and Secretaries, facilitates efficient and effective grounds to reach beyond the members networks and assists them to access essential tools and resources.

The Authority invites individuals and companies to register for membership and experience the benefits of becoming a member of the Maldives first directors and secretaries network.

ICDS Annual Fees per membership category are:

- Individual member: MRf 250/-
 - Corporate member: MRf 1,000/-
- The membership year is January – December.
Fees will be collected on pro-rata basis.

CMDA NEWS

- Maldives Road Development Corporation registered with the Authority as a company voluntarily adopting the principles of the CG Code.
- Authority published the Annual Report for the year 2010
- Authority commenced Sukuk Market Development Project as part of Islamic Capital Market development
- Monthly Regulatory meetings and Brokers meetings were held
- Discussions were held with MSE Board of Directors and the Authority's Board of Directors to address current market issues
- Capital Market Strategic Plan (2010-2014) was updated to incorporate a component on Islamic Capital Market development
- Discussions were held with the President's Office and the Ministry of Finance and Treasury on floating State Owned Enterprises as part of Privatization



-Directors Training Program is open for Registration
-Examination for Corporate Directors is open for registration

For more information please visit : www.cmda.gov.mv

ISLAMIC CAPITAL MARKET BULLETIN

Capital Market Shariáh Advisory Committee

Capital Market Shariáh Advisory Committee (CMSAC) has been constituted to advise the Board on all matters regarding the development of the Islamic Capital Market in Maldives.

During the quarter, the Committee advised the Board on 3 issues relating to Islamic Capital Market. Main duties and responsibilities of the Committee includes:

- Advising the Board of Directors on Shariáh matters
- Giving endorsement to Shariáh Compliance Manuals
- Giving endorsement and validation of relevant documentations relating to Shariáh Compliance
- Providing written Shariáh opinion to the Board of Directors

Guidelines on Shariáh Compliance Review for Pre-IPO Securities

The Guidelines sets out the criteria for classifying companies issuing Shariáh compliant securities. The guidelines also allows the applicant to furnish the relevant information in order to establish compliance of its securities with the principles of Shariáh. Any company requesting for Shariáh screening is required to apply in the form specified in these Guidelines before submitting a listing application to the Stock Exchange.

Approved Shariáh concepts and principles for the purpose of structuring, documenting and trading of Shariáh compliant securities

Approved Shariáh concepts and principles were formulated for the purpose of structuring, documenting and trading of Shariáh compliant securities. The Authority is in the process of identifying detailed structures for these concepts and principles to facilitate companies to issue Sukuk.

Amana Takaful (Maldives) Plc received endorsement as a Company Issuing Shariáh Compliant Securities

Amana Takaful (Maldives) Plc has been endorsed as the first Shariáh compliant company to be listed on the Maldives Stock Exchange. The Board of Directors of the Authority declared Amana Takaful (Maldives) Plc as a Shariáh compliant company based on the advise following an in-depth analysis of the Capital Market Shariáh Advisory committee.

The Authority invites interested parties to register to receive email updates on Islamic Capital Market.—
send an email to mail@cmda.gov.mv for registration