



# CMDA

Capital Market Development Authority

## QUARTERLY REPORT

QTR 02, 2012

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# CMDA Quarterly Report

## PREFACE

This report covers the Capital Market news and developments during the 2nd Quarter of 2012.

## REGULATORY ACTIVITIES

### *Changes to the Board*

Mr. Ahmed Mujuthaba was appointed as the representative of Ministry of Finance and Treasury to the Board of Directors of CMDA on 14th June 2012. Mr. Ahmed Mujuthaba has experience in the financial sector and holds an MBA (Finance) from Open University, Malaysia.

CMDA expresses its sincere appreciation to the former representative of Ministry of Finance and Treasury, Mr. Ali Arif for his invaluable contribution to the Authority.

### *Board Meetings*

The Board of Directors of CMDA met 4 times during the quarter and the following matters were discussed and resolved:

- Approved CMDA Annual Report 2011.
- Resolved to sign MoU with the Financial Services Commission Mauritius (FSC) for regulatory cooperation and information exchange.
- Passed Guidelines for Issuance of Sukuk.
- Passed Guidelines for Registration of Shariáh Advisers.
- Passed Guidelines for Screening Shariáh Compliant Securities.
- Discussions on MSD's proposal for offering Clearing & Settlement services.
- Discussions on business continuity of MSE.
- Resolved to license Mr. Abdullah Mubthada as a Dealer's Representative.

## LICENSING & REGISTRATIONS

### *Principal Adviser Registration*

During the quarter, three persons were registered under the Guidelines on Principal Advisers.

For contact details of the registered Principal

Advisers, please visit [www.cmda.gov.mv](http://www.cmda.gov.mv)

### *Shariáh Adviser Registrations*

Guidelines on Registration of Shariáh Advisers were endorsed to facilitate introduction of Shariáh Advisory Services to the Market. These guidelines stipulate the requirements for a Shariáh Adviser in Maldives.

Individuals interested in obtaining a Shariáh Adviser registration are required to pass an examination set by the Authority.

## MARKET REGULATION AND SUPERVISION

### *Inspections*

The following on-site inspections were conducted:

#### Quarterly Inspection of Dealing Companies

The focus of the inspection was to check the level of compliance to the required rules and regulations while carrying out their operations. The observations from the inspection and the recommendations for improvement were communicated with the Dealing companies accordingly.

#### Quarterly Inspection of MSE and MSD

The main focus of the inspection was to check the level of compliance to the respective laws, regulations and procedures applicable to the stock exchange and central depository company. Furthermore, the inspection team also focused on the corrective measures taken by the MSE & MSD to address the recommendations given based on the previous inspection.

### *Enforcement Actions*

The Authority imposed a penalty of MVR 30,000 on BML, MTCC and MTDC due to failure to comply with the publication and submission requirements for Annual Report set under the Securities (Continuing Disclosure Obligations of Issuers) Regulations. Furthermore, a penalty of MVR 30,000 was imposed on MTDC and STO for failure

to publish the First Quarter Report of 2012 within the stipulated time frame under the said regulation. Moreover, companies were directed to make necessary announcements regarding the delay of disclosures to the investors.

### **Circulars and Directives**

A Circular was issued to the listed companies on the disclosure requirements for dividend declaration under the Securities (Continuing Disclosure Obligation of Issuers) Regulation.

### **Technical Assistance**

Preparatory work for the forthcoming technical assistance under the pension and social protection administration project was undertaken. The proposed legal and regulatory expert will assist in formulating rules and regulations as part of the strategy for developing new long term instruments in Maldives.

## **PENSION SUPERVISION**

### ***Onsite Inspection of MPAO***

On-site Inspection Report of Maldives Pension Administration Office (MPAO) was submitted to MPAO during the quarter. The Inspection Report carries recommendations to mitigate risks and to further strengthen the operations of MPAO.

Furthermore, audited Financial Statements of BML (Custodian) was reviewed to ensure appropriate disclosures were made as per the Regulations on Institutions Providing Custodial Services.

### ***Report to the President***

A report on the competency of the members of the Board of the Maldives Pension Administration Office, was sent to the Presidents Office as required by the Maldives Pension Act.

### ***MPAO Board***

Fit & Propriety tests to identify whether the proposed representative to the MPAO Board by Ministry of Health, fulfills the requirements set forth in the Maldives Pension Act was undertaken.

Furthermore, Income and Asset Disclosure forms from the newly appointed members to the MPAO Board were received and processed.

## **DEVELOPMENT OF CAPITAL MARKET**

CMDA held discussions with MPAO, Registrar of Companies and the Maldives Stock Exchange to explore the possibilities of introducing a Corporate Bond Market. The objective of the series of discussions was to identify ways to expand the array of investment products for institutional investors.

Furthermore, the HDFC bond prospectus was reviewed by the Authority and guidance given to HDFC on the prospective bond issuance.

### ***Potential for listing***

CMDA has done a preliminary study of the potential for listing Maldivian listed companies on the Hong Kong Stock Exchange. The preliminary findings states that one company satisfy the profit test for listing on Hong Kong Main Board, while another company satisfy the listing requirements for Hong Kong GEM board.

For a listing in Hong Kong a company must be incorporated in a jurisdiction that is acceptable to Hong Kong.

## **CORPORATE GOVERNANCE**

Corporate Governance Section conducted presentations to the new Board of directors of STO, MTCC, Dhiraagu, MTDC, BML, Felivaru Fisheries Maldives Ltd, State Electric Company Ltd and Thilafushi Corporation Ltd.

Presentations were also delivered to Local Government Authority, Faculty of Engineering Technology and the Maldives National University.

## **SIGNING OF MOU WITH NATIONAL LIBRARY**

CMDA and National Library of Maldives signed an MoU to improve financial literacy standards of general public through easy accessibility to vast information on Capital Markets and Pension. The MoU will facilitate to establish a corner in the Maldives National Library for CMDA to provide information on Capital Market, Islamic Capital Market, Pensions and Corporate Governance.

## **TRAINING & AWARENESS**

### ***Presentations***

Presentations were delivered to five schools in the

Male' zone and participants of the CMDA essay competition 2012.

### *Workshop on Capital Market & Pensions*

A 2 day, Workshop was held during the Quarter for journalists on capital market and pensions. The workshop was conducted by Capital Market and Corporate Governance Institute, CMDA.

Journalists from Haveeru, DhiTV, MBC, Sun Media Group and Raajje TV attended the workshop. The CMDA management responded to all queries raised by the participants during the workshop.



### *CMDA School Competitions 2012*

During the quarter under review, CMDA conducted Essay Writing Competition and Art Competition for Male' Zone schools. Nine schools participated in the Essay Writing Competition and six schools participated in the Art Competition.



#### *1st Place Winners of the Competitions*

##### Essay Competition

Nuhaadh Mohamed Mahid - Dharumavantha School (under 16)

Aminath Anooza - CHSE (under 21)

##### Art Competition

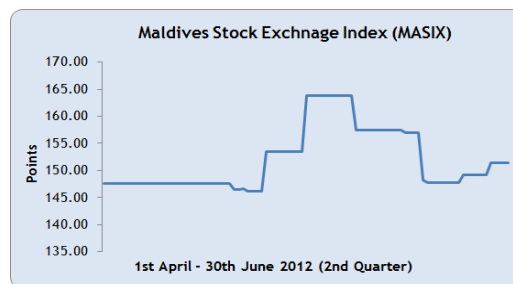
Minhath Mohamed - Kalaafaanu School (Grade 5)

Mariyam Azka Hassan - Kalaafaanu School (Grade 6)

Aminath Ibana Shahid - Kalaafaanu School (Grade 7)

## MARKET OVERVIEW

Turnover for the quarter had increased by more than 3 times in comparison with the preceding quarter. During the Quarter 13,003 shares were traded in 25 Trades, while 968 shares were traded in 13 trades in the previous quarter. The MASIX stood at 151.33 point at the end of the quarter with a slight upward trend.



### IOSCO Conference 2012

CEO of CMDA participated in the 37th Annual Conference of International Organization for Securities Commissions (IOSCO), which was held in Beijing. The conference was attended by Heads of Securities Markets and Regulators from around the globe. The China Securities Regulatory Commission (CSRC) hosted the conference jointly with the IOSCO General Secretariat.

The main objective of IOSCO conferences is to provide a platform for Securities Market Regulators to meet and discuss issues of market regulation and surveillance. The conference highlighted a number of issues related to regulators' strategies for market supervision, challenges facing them and ways to improve performance.

To enhance the effectiveness of the IOSCOs new governance structure and strategic direction, members discussed, the need for alternative sources of financing, including the possible creation of an IOSCO foundation.

#### *Upcoming Event*

Directors Training Program by ICDS tentatively scheduled from 16-18 July 2012

For more information contact 3336619

