



CMDA

Capital Market Development Authority

QUARTERLY REPORT

QTR 03, 2009

Capital Market Development Authority,
MTCC Tower, 4th floor, Boduthakurufaanu Magu,
Republic of Maldives, Male'
Phone: 00960 333 6618, Fax: 00960 333 6624,
Website: www.cmda.gov.mv
Mail: mail@cmda.gov.mv

CMDA Quarterly Report

PREFACE

This report covers market news and main activities of the Authority during the 3rd quarter of 2009.

REGULATORY ACTIVITIES

Changes to the Board

Following the appointment of a new Registrar of Companies, the CMDA Board replaced the outgoing Registrar Mr. Ahmed Ifthikhar with Ms. Sultana Moosa as a Board Member, in her capacity as the Registrar of Companies.

CMDA expresses its sincere appreciation to Mr. Ifthikhar for his services and contribution to the Authority during its formative years.

Board Meetings

During the quarter a total of 7 Board meetings were held. The decisions and resolutions passed by the Board are as follows.

- Filing of a case in relation to a breach of Section 53 of the Maldives Securities Act.
- Approved CMDA representative to the Maldives Pension Administration Office Board.
- Approved fees proposed by MSE and MSD.
- Approved registration fee proposed by a Dealing Company.
- Approval of CMDA budget for the year 2010.
- Competing the National Award 2009.
- Finalized performance targets for 2010.

Cancellation of Dealer's License

The Dealer's License issued to Island Securities and Brokerage (ISB) Pvt. Ltd. has been cancelled upon the resolution of their Board of Directors to wind-up and proceed with the liquidation of the ISB.

Onsite Inspections

The routine quarterly onsite inspections of 2 active dealing companies, First Option and Stock Brokers Maldives were carried out during the quarter. It was observed that companies have performed better in comparison with the preceding quarter, despite minor administrative areas which required improvement.

Important Meetings

- Regulatory meetings were held with Maldives Stock Exchange and Maldives Securities Depository in

relation to MTDC's IPO and other regulatory issues.

- Meetings were held with the listed companies and MSE to introduce Minimum Quarterly Reporting Requirements as part of the CMDA efforts to promote market transparency and disclosure.
- Meeting held with DEK to discuss compliance with market rules.
- Meeting held with MMA to discuss Quarterly Reporting Requirements of Bank of Maldives.
- Meeting held with Commonwealth Secretariat mission to the Ministry of Finance and Treasury, in relation to Capacity Building for Debt Management.
- Meeting held with the former President of Seychelles Sir James R. Mancham KBE and his associates to discuss their proposal to develop a World Class Financial Centre in the Maldives.
- Meeting held with the Ministry of Economic Development appointed consultant in relation to listing the proposed "S.M.E Bank in the Maldives Stock Exchange".
- Meeting held with Audit Firms to discuss the standard quarterly reporting format for listed companies.
- Meeting held with Dhiraagu, Cable and Wireless on the way forward on Going Public.

Rules & Regulations Review

- Reviewed amendments to the Rules and Regulations proposed by the MSE.
- Draft regulation on Dealers Branch Licensing.
- Proposed amendments to the Securities General Regulation to increase penalty for non-compliance.

Pension Supervision

- CMDA received 15 shortlisted applicants for the Maldives Pension Administration Office (MPAO) Board. CMDA verified whether the applicants for Board positions met the requirements for Board members under the Maldives Pension Act, and forwarded the qualifying applications to the President's Office.
- CMDA provided regulatory guidance to the MPAO as required under the Maldives Pension Act.
- CMDA set requirements for the Confidential Income & Asset Disclosure Statements to be completed by the appointed Board Members of MPAO.

MARKET DEVELOPMENT

CMDA held discussions with relevant international institutions to develop a Financial Centre in the Maldives as per the instructions of the President's Office.

In this regard the CMDA's, CEO lead delegation visited the key institutions in the Dubai International Financial Centre (DIFC) which includes Dubai Financial Services Authority (DFSA) and NASDAQ Dubai. The mission's findings and recommendations were sent to the President's Office.

Regulatory Co-operation

CMDA has proposed an MOU with the Registrar of Companies to facilitate regulatory co-operation, assistance and exchange of information between the Authorities. It is important to work towards harmonization of the legal and regulatory framework for primary and secondary markets.

Market Awareness and Training

"Dhurah Visnamun" program, is aired on a weekly basis from the Voice of Maldives (VOM), till December 2009. This program is focused on going public and other capital market and regulatory issues.



*Photo:
Mr. Makhzoom Saleem
speaking at
"Dhurah Visnamun"
(28th September 2009)*

- CMDA staff provided information at a discussion panel on Capital Markets broadcasted from DhiTV.
- A presentation on promoting "Going public" was given to Maldives National Chamber of Commerce and Industries (MNCCI).
- A presentation on the regulatory structure and operations of CMDA was given by a staff of the Authority to journalists at the "Financial Journalism Workshop" held at MMA.
- A presentation on the development of Capital Market in the Maldives was given by a staff of Authority to the students of the Faculty of Management and Computing.
- A Presentation was given on Corporate Governance to the Board Members of I.G.M Hospital and some private companies.
- The weekly Corporate Governance Questions were Published in the Gazette.

National Award on Good Governance

CMDA has received several applications for the National Award which have been forwarded to the National Award Committee. The National Award Committee is vested with the authority to select the nominees for the National Award.

CMDA management met with the National Award Committee to discuss issues related to the Governance Award.

ROSC Assessment

The final draft of the Report on the Observance of Standards and Codes (ROSC) compiled by the World Bank upon the request of CMDA, has been reviewed. The initial findings of the ROSC states that the framework for Corporate Governance in the Maldives compares favorably to other countries in South Asia with smaller capital markets.

CMDA NEWS

Staff Appointments

- Ms. Mariyam Visam was appointed as Manager, Regulation & Policy, after completion of Master of Business Economics from University of Queensland, Australia.
- Ms. Azza Mohamed was appointed as the Pension Analyst. She holds a Master in Business Administration from University of South Australia, Adelaide.
- Mr. Zaidan Jaleel was appointed as the Senior Officer of the Pension Supervision Department. He holds an Undergraduate Degree in Legal Studies from Murdoch University, Australia.

Technical Assistance

- A request has been lodged for technical assistance from the World Bank's FIRST Initiative. The objective of the request is develop an effective supervisory structure for the Pension Supervision Department.
- A request was also lodged for a Legal Advisor from the SAARC Secretariat aiming to bridge the expanding legal and enforcement obligations of CMDA.

Participation in International Seminars

- Chief Executive Officer, Ms. Fathimath Shafeega participated in the 4th seminar on Legal Issues in Islamic Financial Services Industry held in Malaysia. The Seminar focused on issues and challenges faced in enhancing the legal framework of the Islamic Financial Services Industry.
- Pension Analyst, Ms. Azza Mohamed participated in the Pan-Commonwealth Workshop on leveraging Corporate Governance and Ethics, Strategies held in Malaysia. The workshop focused on the importance of Corporate Governance to business sustainability.

PROPOSED CMCgi ACTIVITIES

For the 4th Quarter of this year, CMCgi has proposed 3 main programs. These include, Brokers Training Program, Corporate Governance Program for SME's, and a Seminar to promote Islamic Financial Instruments.

Broker Training Program 2009

The objective of the proposed Broker Training Program is to produce a pool of market professionals who satisfies the education requirements to qualify as a broker, as set forth in the Regulation on Dealer's / Dealer's Representative Licensing.

Outline for the Proposed Program

- Financial Markets and Economics
- Regulations and Regulatory Environment
- Types of Securities (Financial Products)
- Trading Clearing and Settlement
- Capital Markets (Equity Applied Valuation)
- Financial Analysis & Equity Analysis
- Portfolio Management & Fund Management
- Advisor Skills and Risk Management

Corporate Governance Program for SME's

The objective of this program is to educate SME's on Good Governance and further assist in developing skills needed to manage their business effectively and sustainably. SME's require a special approach to governance related to their companies.

Outline for the Proposed CG Program

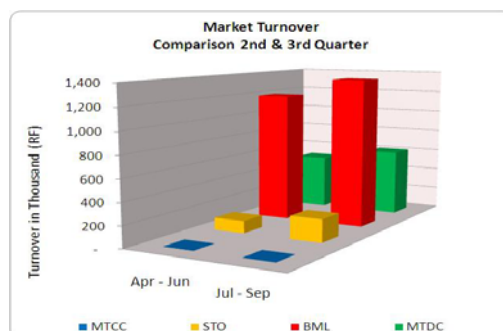
- Introduction, Goals and Expectations
- Relationship between Business Sustainability & Corporate Governance
- Introduction to Best Practices and CG
- SME Frameworks, Structures for Good Governance & Ethics
- Business Structure, Planning and Family Issues
- Financial Issues & Risk Management
- Effective Board Practices

Seminar on Islamic Financial Instruments

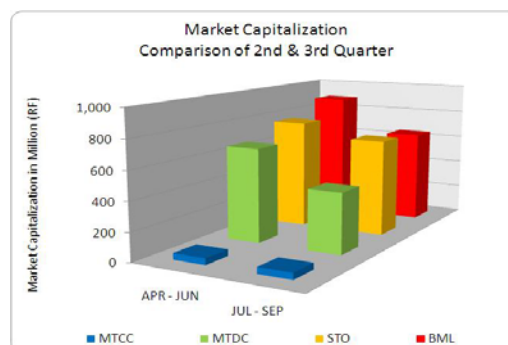
CMDA is working with the Islamic Financial Services Board to conduct a regional Seminar to promote Islamic Financial Instruments in the Maldives.

STOCK MARKET REVIEW

Overall trading performance of the quarter increased in comparison to the preceding quarter. The market turnover topped at Rf. 1, 810,345 reflecting an increase of around 51 percent.



In tandem with decreased share prices Market Capitalization showed a decreasing trend throughout the quarter recording at Rf. 1,790,210,000 at the end of the quarter.



During the quarter, it was observed that BML shares were traded more frequently compared to the other stocks. From a total of 12,385 shares traded, BML holds around 74 percent of shares traded while MTDC and STO hold around 24 percent and 1 percent respectively.

An interesting trading pattern was also captured at the stock market, as investors continued to trade MTDC stocks at a higher price on the Stock Exchange, while MTDC was issuing shares at the primary market.

The MASIX at the end of the quarter stood at 301.71 points, which is an appreciation of around 8 percent compared to the previous quarter's figure of 278.86.

For more updates on the stock market, please contact Maldives Stock Exchange at <http://www.mse.com.mv>

Training



**Registration for
"Broker Training Program 2009"
is now open.**

Register online by sending your contact information to cmcgi@cmda.gov.mv