

ORIGINAL

REGULATIONS ON ISSUANCE OF SECURITIES 2011

TABLE OF REGULATIONS

SECTIONS

1. Citation
2. Scope
3. Interpretation
4. Proposal to issue securities
5. Forms and contents of the prospectus
6. Exceptions
7. Expert to be independent
8. Expert's consent to issue of prospectus containing statement by him
9. Information and Documents

SCHEDULE 1 – Required content of the prospectus

PART I: General requirements

PART II: The persons responsible for the prospectus

PART III: The securities to which the prospectus relates and the offer

PART IV: General information about the issuer and its capital

PART V: The issuer's principal activities

PART VI: The issuer's assets and liabilities, financial position and profits and losses

PART VII: Recent developments in the issuer's business and prospects

PART VIII: The issuer's administration and management

SCHEDULE 2 – Declaration by the Issuer

SCHEDULE 3 – Declaration by the Principal Adviser



[Handwritten signatures and dates]
4/9/2011
4/9/2011
4/9/2011

REGULATIONS ON ISSUANCE OF SECURITIES 2011

These regulations are made in exercise of powers conferred on the Capital Market Development Authority by section 60(a) and 42 of the Maldives Securities Act (Law No: 2/2006).

1. Introduction, citation and commencement

- (1) These regulations govern the issuance of any securities to the public by any issuer unless these regulations state otherwise
- (2) These regulations may be cited as the Regulations on Issuance of Securities 2011
- (3) These regulations shall come into effect once published in the Gazette of the Republic of Maldives

2. Scope

- (1) Any issue, offer or invitation to the public shall be accompanied by a prospectus which shall comply with these regulations.
- (2) Subject to paragraphs (4) to (6), these regulations shall apply to:-
 - (a) Any issuance of securities of a class which are listed on a stock exchange.
 - (b) Any issuance of securities of a class for which listing is sought from a stock exchange.
 - (c) Any listing on a Stock exchange regardless of whether there was any offer or issuance of any securities.
 - (d) Any other offer of securities or invitation to subscribe to the securities to the public.
- (3) In these regulations, an offer or invitation shall be construed as an offer or invitation to the public where:-
 - (e) Offer is made to or securities may be bought by any person of the public (including any section of public); or
 - (f) The offer is made to, or where there would be allotments made to more than 50 persons in one calendar year.
- (4) These regulations shall not apply to any offer/issue of securities where:
 - (a) The issuer is the Government of Maldives or any Agency representing the Government of Maldives or any Public Authority.
 - (b) Where the issue or offer is by way of private placement in which the Authority is satisfied that the offer is not open to the public or a section of the public.
- (5) These regulations do not exempt any corporation from the applicable regulations in relation to prospectus requirements under the Companies Act of the Maldives
- (6) Where the proposal by the issuer is for issuance of Islamic securities, additional guidelines issued by the Authority in relation to such issuance shall apply.

3. Interpretation

In these regulations –

“Act” means the Maldives Securities Act 2/2006;

“Authority” means the Capital Market Development Authority under the Maldives Securities Act 2/2006;

“expert” includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him; and

‘issuer’ has the meaning ascribed to it in the Act

“Principal adviser” has the meaning ascribed to it in the Guidelines on Principal Adviser.

‘securities’ has the meaning ascribed to it in the Act

4. Proposal to issue securities

- (1) Any prospectus to issue securities shall be prepared:
 - (a) in accordance with these regulations; and
 - (b) by a principal adviser registered with the Authority, (this clause will only apply where there are registered Principal Advisers by the Authority)

5. Form and content of prospectus

- (1) Subject to the provisions of these regulations, a prospectus shall contain all such information as investors and their professional advisers would reasonably require, and reasonably expect to find there, for the purpose of making an informed assessment of –
 - (a) the assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities;
 - (b) any material risks relating to an investment in those securities; and
 - (c) the rights and obligations attached to those securities.
- (2) Without prejudice to the generality of paragraph (1), a prospectus shall contain, subject to paragraphs (4) and (5), the information specified in the Schedule 1.
- (3) The information in a prospectus shall be presented in a user friendly and comprehensible form as possible.
- (4) Where, on the occasion of their listing on a Stock Exchange, securities are offered on a pre-emptive basis to some or all of the existing shareholders, the Authority may authorize the omission from a prospectus of specified information provided that up-to-date information equivalent to that which would otherwise be required by this regulation is available as a result of the requirements of that market.
- (5) Where a company -
 - (a) makes an offer of securities to the public in Maldives, which it proposes to issue; and

- (b) has, within the 6 (six) months preceding the date on which the offer is first made, published a full prospectus relating to a different class of securities which it has issued, or to an earlier issue or a planned issue of the same class of securities –

instead of a full prospectus, it may publish, a prospectus which contains only the differences which have arisen since the publication of that full prospectus and which are likely to influence the value of the securities, provided that the prospectus is accompanied by that full prospectus.

- (6) For the purposes of paragraph (5), a "full prospectus" is one that contains the information specified in the Schedule 1 to these regulations (other than information whose omission is authorized by the Authority by or under paragraph (4)).

6. Exceptions

- (1) The Authority may, on an application in writing made by the issuer or offeror, authorize the omission from a prospectus of information whose inclusion would otherwise be required by these regulations if the Authority is satisfied that –
 - (a) the disclosure of that information would be contrary to the public interest;
 - (b) the information is of minor importance only, and is not likely to influence assessment of the issuer's assets and liabilities, financial position, profits and losses and prospects; or
 - (c) the disclosure of that information would be seriously detrimental to the issuer
- (2) The Authority when authorizing any omission from a prospectus under paragraph (1) shall be satisfied that the omission would be unlikely to mislead the public with regards to any facts or circumstances which are essential for an informed assessment under paragraph (1) of section 5.
- (3) An offeror may omit from a prospectus information with respect to an issuer whose inclusion would otherwise be required by these regulations if –
 - (a) he is not the issuer, nor acting in pursuance of an agreement with that issuer;
 - (b) the information is not available to him because he is not the issuer; and
 - (c) he has been unable, despite making such efforts as are reasonable, to obtain the information.

7. Expert to be independent

A prospectus shall not include a statement purporting to be made by an expert unless the expert is a person who is not, and has not been engaged or interested in the formation or promotion, or in the management, of the company which is the subject of the prospectus.

8. Expert's consent to issue of prospectus containing statement by him

A prospectus that includes a statement purporting to be made by an expert or to be based on a statement made by an expert shall not be issued unless –

- (a) the expert has given, and has not before delivery of the prospectus for the approval of the Authority withdrawn, his written consent to the issue of the prospectus with the statement in the form and context in which it is included; and
- (b) there appears in the prospectus a statement that the expert has given and has not withdrawn his consent.

9. Information and Documents

Proposal submitted to Authority under these regulations shall be accompanied by relevant information and documents as specified by these regulations and shall include –

- (a) The prospectus prepared in accordance with Schedule 1 of these regulations
- (b) Declaration by the issuer in accordance with Schedule 2 of these regulations
- (c) Declaration by the Principal Adviser in accordance with Schedule 3 of these regulations
- (d) Processing fee;
 - i. of MRF 35,000.00 (Thirty Five Thousand Rufiyaa) + 0.05 % of the proposed value of the issue to the public ; or
 - ii. according to the Guidelines on Shariah Compliance Review for Pre-IPO Securities.

SCHEDULE 1

REQUIRED CONTENT OF PROSPECTUS

PART I

GENERAL REQUIREMENTS

1. The name of the issuer, the address of its registered office and the date and location of incorporation.
2. If the issuer and the offeror are different, the name and address of the person offering the securities.
3. The names and functions of the directors of the issuer.
4. The date of publication of the prospectus.
5. A statement that the prospectus has been approved by the Authority.

6. A statement that the prospectus has been drawn up in accordance with the Act, Companies Act and these regulations.
7. A statement that the Authority takes no responsibility for the contents of the prospectus and shall not be liable to any action for damages suffered as a result of any prospectus registered by the Authority.
8. Where the prospectus contains any statement by an expert, or any statement said in the prospectus to be based on a statement made by an expert, the prospectus shall state that the expert has given his consent, that such consent is filed with the Authority, and that the expert has not withdrawn his consent before the date the prospectus is lodged with the Authority for provisional registration.
9. The following words, "If you are in any doubt about the contents of this document you should consult a person licensed under the Act who specializes in advising on the acquisition of shares and other securities", or words to the like effect.

PART II

THE PERSONS RESPONSIBLE FOR THE PROSPECTUS

10. The names, addresses (home or business) and functions of those persons responsible for the prospectus or any part of the prospectus, specifying such part.
11. A declaration by the directors of the issuer (or, if the offeror is not the issuer, by the directors of the offeror) that they accept responsibility for the contents of the prospectus and that, to the best of their knowledge and belief, and after making reasonable enquiries, the information contained in the prospectus is in accordance with the facts and that the prospectus makes no omission likely to render such information misleading.

PART III

THE SECURITIES TO WHICH THE PROSPECTUS RELATES AND THE OFFER

12. A description of the securities being offered, including the class to which they belong and a description of the rights attaching to them including (where applicable) –
 - (a) if the securities are shares, rights as regards –
 - (i) voting;
 - (ii) dividends;
 - (iii) return of capital on the winding up of the issuer;

- (iv) redemption;
- and a summary of the consents necessary for the variation of any of those rights;
- (b) if the securities are debentures, rights as regards –
 - (i) interest payable;
 - (ii) repayment of principal.
 - (c) If the securities are convertible securities –
 - (i) the terms and dates on which the holder of the convertible securities is entitled to acquire the related underlying securities;
 - (ii) the procedures for exercising the entitlement to the underlying securities; and
 - (iii) such information relating to the underlying securities as would have been required under subparagraphs (a) or (b) if the securities being offered had been the underlying securities.
 - (d) If the securities are Islamic securities, contents of the prospectus should comply with Authority's Islamic Securities Guidelines (Sukuk Guidelines)
13. The dividend policy of the issuer, and in particular whether it has paid dividends within the last 5 (five) years (and, if so, how much and when), and whether the issuer expects to pay dividends over the next 2 (two) years.
14. The date(s) (if any) on which entitlement to dividends or interest arises.
15. The procedure for the exercise of any right of pre-emption attaching to the securities.
16. Any restriction on the free transferability of the securities being offered.
17. (1) A statement as to whether –
 - (a) the securities being offered have been listed on a securities exchange; or
 - (b) an application for listing has been made.
 (2) Where no such application for listing has been made, or such an application has been made and refused, a statement as to whether or not there are, or are intended to be, any other arrangements for there to be dealings in the securities and, if there are, a brief description of such arrangements.
18. The purpose for which the securities are being issued.

19. The number of securities being issued and offered and, in the case of shares, earnings per share and net asset value per share.
20. The authority for the issue and offer of the securities.
21. The total proceeds that it is expected will be raised by the offer and the expected net proceeds, after deduction of the expenses, of the offer, stating the amount or the estimated amount of the expenses of the offer and by whom they are payable, including a statement as to any commission or other payment or benefit payable or provided or to be provided by the issuer to any person in consideration of his agreeing to subscribe for securities to which the prospectus relates or of his procuring or agreeing to procure subscriptions for such securities.
22. Details as to the use of the proceeds of the issue and in particular their use for capital expenditure, debt reduction, acquisitions, working capital or other.
23. Where the prospectus relates to shares that are offered for subscription, particulars as to –
 - (a) the minimum amount which, in the opinion of the directors of the issuer, must be raised by the issue of those shares in order to provide the sums (or, if any part of them is to be defrayed in any other manner, the balance of the sums) required to be provided in respect of each of the following –
 - (i) the purchase price of any property purchased, or to be purchased, which is to be defrayed in whole or in part out of the proceeds of the issue; and
 - (ii) any preliminary expenses payable by the issuer and any Authority so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any shares in the issuer.
 - (b) the amounts to be provided in respect of the matters mentioned otherwise than out of the proceeds of the issue and the sources out of which those amounts are to be provided.
24. The names of any persons underwriting the offer.
25. The amount or the estimated amount of the expenses of the offer and by whom they are payable, including a statement as to any commission or other payment or benefit payable or provided or to be provided by the issuer to any person in consideration of his agreeing to subscribe for securities to which the prospectus relates or of his procuring or agreeing to procure subscriptions for such securities.
26. The name and address of any paying, transfer or registration agent.
27. The period during which the offer of the securities is open.

28. The price at which the securities are offered or, if appropriate, the procedure, method and timetable for fixing the price.
29. The arrangements for payment for the securities being offered and the arrangements and timetable for their delivery.
30. The arrangements during the period prior to the delivery of the securities being offered relating to the moneys received from applicants including the arrangements for the return of moneys to applicants where their applications are not accepted in whole or in part and the timetable for the return of such moneys.

PART IV

GENERAL INFORMATION ABOUT THE ISSUER AND ITS

CAPITAL

31. The date and place of incorporation of the issuer.
32. The legal form of the issuer, the legislation under which it was formed and (if different) the legislation now applicable to it.
33. A summary of the provisions in the issuer's constitution, if any, determining its objects.
34. The amount of the issuer's stated capital.
35. In the case of a debt issue, any borrowing limits to which the issuer is subject.
36. The number and particulars of any listed and unlisted securities issued by the issuer not representing share capital.
37. The number of shares of each class making up the stated capital and, in the case of the shares issued, the amount paid up on the shares.
38. The amount of any outstanding listed and unlisted convertible securities issued by the issuer, the conditions and procedures for their conversion and the number of shares which would be issued as a result of their conversion.
39. If the issuer is a member of a group, a brief description of the group and of the issuer's position in it, stating, where the issuer is controlled by another company, the name of its controlling company.
40. In so far as the offeror has the information, an indication of the persons, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer and particulars of the proportion of the issuer's voting capital held by such persons. If for

whatever reason, the offeror is unable to identify such persons, a declaration shall be made in the prospectus.

PART V

THE ISSUER'S PRINCIPAL ACTIVITIES

41. A description of the issuer's principal activities and of any exceptional factors that have influenced its activities.
42. A statement of any dependence of the issuer on particular customers or suppliers, or on patents or other intellectual property rights, licences or particular contracts, where any of these are of fundamental importance to the issuer's business.
43. With regard to risk factors, list in order of importance the factors which the issuer considers to be the most substantial risks to an investor in this offering (e.g. untested products, cashflow or liquidity problems, dependence upon a key supplier or customer, management inexperience, nature of business, absence of a trading market, etc.) and which constitute the greatest threat that an investment may be lost in whole or part, or not provide an adequate return.
44. Information regarding investments in progress or authorised by the directors where they are significant.
45. Information on any legal or arbitration proceedings, active, pending or threatened against, or being brought by, the issuer or any member of its group which are having or may have a material effect on the issuer's financial position.

PART VI

THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

46. Subject to paragraph 48, the issuer's financial statements for the last 3 (three) years together with –
 - (a) a statement by the directors of the issuer that the accounts have been prepared in accordance with these regulations, Companies Act of Maldives (Act No: 10/96) and that they accept responsibility for them, or a statement why they are unable to make such a statement;
 - (b) the names and addresses of the auditors of the accounts;
 - (c) a copy of the auditor's reports on the accounts; and

- (d) a statement by the auditors that they consent to the inclusion of their reports in the prospectus and accept responsibility for them, and have not become aware, since the date of any report, of any matter affecting the validity of that report at that date; or a statement why they are unable to make such a statement.
47. Where more than 9 (nine) months have elapsed at the date on which the offer is first made since the end of the last financial year in respect of which accounts are required to be included in the prospectus by paragraph 46:-
- (a) there shall also be included in the prospectus a report by the audit firm of the issuer, covering the period referred to in subparagraph (b), with respect to the state of affairs and profit or loss of the issuer together with the name and address of the person responsible for preparing the report, and a statement by him that he consents to the inclusion of the report in the prospectus and accepts responsibility for it; or a statement why he is unable to make such a statement.
- (b) The period to be covered by the report is the period beginning at the end of the last financial year in respect of which accounts are required to be included in the prospectus by paragraph 46 and ending on the latest practicable date before (but not in any event more than 3 (three) months before) the date on which the offer is first made.
48. If an issuer has not been in existence for the whole of the last 3 (three) years, the prospectus shall contain a report by the audit firm of the issuer which includes –
- (a) details of the profit or loss of the issuer in respect of the period beginning with the date of its formation and ending on the latest practicable before (but not in any event more than 3 (three) months before) the date on which the offer is first made, and of its state of affairs at that latest practicable date; and
- (b) a statement by the person responsible for the report that in his opinion it gives a true and fair view of the state of affairs and profit or loss of the issuer and that he consents to the inclusion of his report in the prospectus and accepts responsibility for it; or a statement why he is unable to make such a statement.
49. If the issuer is a parent company, the requirements of paragraphs 46 and 48 shall apply to each of its subsidiaries.

PART VII

RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS AND PROSPECTS

50. The significant recent trends concerning the development of the issuer's business since the end of the last completed financial year of the issuer.

51. Information on the issuer's financial and trading prospects for at least the current financial year of the issuer.
52. The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into by the issuer and its subsidiaries within the 2 (two) years immediately preceding the issue of the prospectus together with a summary of the principal contents of such contracts.
53. Where a profit forecast appears in the prospectus the principal assumptions, including commercial assumptions, upon which it is based must be stated.

PART VIII

THE ISSUER'S ADMINISTRATION AND MANAGEMENT

54. A concise description of the directors' existing or proposed service contracts with the issuer or any subsidiary of the issuer, excluding contracts expiring, or determinable by the employing company without payment of compensation within 1 (one) year, or an appropriate negative statement.
55. The aggregate remuneration paid and benefits in kind granted to the directors of the issuer during the last completed financial year of the issuer, together with an estimate of the aggregate amount payable and benefits in kind to be granted to the directors, and proposed directors, for the current financial year under the arrangements in force at the date on which the offer is first made.
56. The interests of each director of the issuer in the stated capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement.
57. Full particulars of any contract or arrangement existing at the date of the prospectus in which a director of the issuer is materially interested, or an appropriate negative statement.
58. For every director or proposed director (or any other person who performs an important administrative, management or supervisory function):-
 - (a) A description (being his qualification or area of expertise or responsibility), and particulars of the principal functions performed by each
 - (b) A brief account of the business experience of each of these persons during the last 5 (five) years.
 - (c) The nature of any family relationship between the persons mentioned in subparagraph (a).
 - (d) Indicate any other directorships held by each director or proposed director.

SCHEDULE 2

Declaration by the Issuer

Date: ... (Date of Application)...

The Chief Executive Officer
Capital Market Development Authority

Dear Sir/Madam

ISSUER ... (Name of Issuer)...

Declaration Pursuant to: Regulation on the Issuance of Securities

We, ... (Name of Issuer).... are proposing to undertake the following proposals:-

(a)

(b)

(Hereinafter referred to as "the Proposal")

2. We confirm that after having made all reasonable enquiries, and to the best of our knowledge and belief, there is no false or misleading statement contained in, or material omission from, the information that is provided to the principal adviser/adviser(s)/expert(s) or to the Authority in relation to the above Proposal.

3. We declare that we are satisfied after having made all reasonable enquiries that the Proposal is in full compliance with the following:-

(a) Regulation on Issuance of Securities;

(b) *The Islamic Securities Guidelines (Sukuk Guidelines)* (if necessary);

(c) Other requirements under the Companies Act and Maldives Securities Act 2/2006 as may be applicable.

4. Save as otherwise disclosed in the attachment accompanying this declaration, the Company has not-

(a) been convicted or charged with any offence under the securities laws, corporations laws or other laws involving fraud or dishonesty in a court of law, for the last 10 (ten) years prior to the submission; and

(b) been subject to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past 5 (five) years prior to the submission.

5. We declare that we will ensure continuous compliance with the requirements and conditions imposed by the Authority in relation to the above Proposal.

6. We undertake to provide to the Authority all such information as the Authority may require in relation to the Proposal.

** To delete if not applicable*

The above declaration has been signed by me as ...(designation or director)... of the Issuer pursuant to authority granted to me by a resolution of the Board of Directors on ...(date of resolution)...

Yours faithfully

.....

Signature

Name

Name of Issuer:

Date:

SCHEDULE 3

Declaration by the Principal Adviser

Date: ...(Date of Application)...

The Chief Executive Officer
Capital Market Development Authority

Dear Sir/Madam

Principal Adviser (Name of Issuer)...

Declaration Pursuant to: Regulation on the Issuance of Securities

We ... (Name of the Principal Adviser).... are proposing to undertake the following proposals:-

(a)

(b)

(Hereinafter referred to as "the Proposal")

2. We confirm that after having made all reasonable enquiries, and to the best of our knowledge and belief, there is no false or misleading information contained in, or material omission from the prospectus submitted to the Authority in relation to the above Proposal.

3. We declare that we are satisfied after having made all reasonable enquiries that the Prospectus is in full compliance with the following:-

(a) *Regulation on Issuance of Securities;*

(b) *Islamic Securities Guidelines(if necessary);*

(c) The Company Act 10/96 and prospectus regulations

(d) Other requirements under the *Maldives Securities Act 2/2006* as may be applicable.

4. We declare that we will ensure continuous compliance with the requirements and conditions imposed by the Authority in relation to the above Prospectus.

6. We undertake to provide to the Authority all such information as the Authority may require in relation to the Prospectus.

** To delete if not applicable*

The above declaration has been signed by me as ...(the Principal Adviser)... of the Issuer as assigned by a resolution of the Board of Directors on ...(date of resolution)....

Yours faithfully

.....

Signature

Name

Name of Issuer:

Date:

