

# MALDIVES CAPITAL MARKET STRATEGIC PLAN

2015-2019





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## **Capital Market Development Authority**

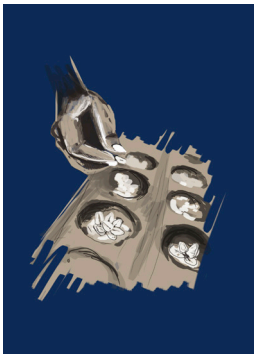
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*“Ovvallhugondi” played on a timber plank usually with “Cowrie Shells” is a traditional Maldivian game. The game resembles the commercial & financial strategies that we see in the modern day.*

# Table of Contents

<b>List of Acronyms</b>	<b>05</b>
<b>Statement by the Chairman</b>	<b>06</b>
<b>Preface by the Chief Executive Officer</b>	<b>07</b>
<b>Executive Summary</b>	<b>09</b>
<b>Maldives Macroeconomic Overview</b>	<b>10</b>
<b>Situation Analysis</b>	<b>14</b>
<b>Vision, Mission, and Objectives of CMDA</b>	<b>16</b>
<b>Strategic Priorities, Programs &amp; Performance Indicators</b>	<b>17</b>
<i>Program 1: Introduce a Secondary Market for government Securities</i>	18
<i>Program 2: Establish SME Investment Fund</i>	19
<i>Program 3: Establish Private Sector Venture Capital Fund</i>	20
<i>Program 4: Develop Islamic Capital Market Products</i>	21
<i>Program 5: Encourage Listings from Private Sector</i>	22
<i>Program 6: Promote Financial Literacy and Awareness</i>	23
<i>Program 7: Strengthen Infrastructure of Maldives Stock Exchange</i>	24
<i>Program 8: Strengthen CMDA's functions</i>	26
<i>Program 9: Establish Strategic Alliances with International Exchange &amp; Regulators</i>	27
<i>Program: 10: Maintain regular consultations with government, Business and Investors</i>	28
<b>The roles of Institutions</b>	<b>29</b>
<b>Financial Plan</b>	<b>30</b>
<b>Maldives Financial Sector</b>	<b>32</b>
<b>Notes</b>	<b>34</b>

# List of Acronyms

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**CMDA** Capital Market Development Authority

**MSE** Maldives Stock Exchange

**MSD** Maldives Securities Depository

**MMA** Maldives Monetary Authority

**MED** Ministry of Economic Development

**MoFT** Ministry of Finance and Treasury

**CMSP** Capital Market Strategic Plan

**EYC** Economic and Youth Council

**MSME** Micro, Small and Medium Enterprises

**SME Council** Small and Medium Enterprises Council

**MRPS** Maldives Retirement Pension Scheme

**RBS** Risk-Based Supervision

**SWF** Sovereign Wealth Fund

**IPO** Initial Public Offering

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# Statement by the Chairman

It is my utmost privilege to present the Maldives Capital Market Strategic Plan 2015 – 2019, which is the second such plan to be prepared for the development of the capital market in the Maldives. As highlighted in this document, we have achieved major milestones in terms of laying down the foundation for the capital market to prosper. A major leap is the enactment of the Maldives Securities Act in 2006, and the formation of the Capital Market Development Authority (CMDA), the Maldives Stock Exchange, Maldives Securities Depository, and the formation of Dealing Companies remain as major developmental steps.

Let me take this opportunity to honor and extend my sincere gratitude and appreciation to the former Board of Directors, and especially to former CEO of CMDA, Ms. Fathimath Shafeega, who has been instrumental in this journey.

The formulation of this Strategic Plan is very timely, as a new CEO has just been appointed in February 2015. As such, let me extend a very warm welcome to the newly appointed CEO, Mr. Ahmed Naseer and congratulate him on his new role in the development of the capital market of the Maldives.

Finally, I thank all the government ministries, state entities, listed companies, and all stakeholders who have contributed and provided support in our work. May Allah guide us in this endeavor, and enable us in transforming the Maldivian economy into new heights. Ameen.

Ashraf Abdul Raheem  
Chairman

# Preface by the Chief Executive Officer

The Maldives Capital Market Strategic Plan 2015 - 2019 outlines the key strategic priorities of this sector for the next five years, and based on our strengths, and the existing macro-economic, social and the legal framework, we have formulated 10 key Programs that will be implemented in order to achieve our objectives. Also to assess progression, we have also identified key performance indicators that will be used to measure the successful implementation of this plan.

Preparation of the Strategic Plan was conducted by the staff of CMDA, after various consultations with key stakeholders including the government, and private sector businesses. During this process, the implementation progress and the achievements under the previous Strategic Plan 2010 – 2014 have been extensively evaluated by the Authority.

As the economy of Maldives is on an upward trend after recovering from the recent downturn, we expect to restore overall investor confidence in the near future. According to the latest statistics, tourist arrivals, general business, and economic activities have recorded positive growth in 2014 and are expected to grow further in 2015.

The newly elected government has announced mega projects aiming large investors, and seeks financing from foreign and domestic sources. On this front, we believe that the capital market will play an important role during the next five years, and the Maldives Stock Exchange is expected to experience increased business activity. With the adoption of this Strategic Plan, we hope to promote introduction of new financial products essential to the capital market, and the financial sector of the country.

It will also be our priority to foster relations with bilateral and multilateral international agencies and form new partnerships. To this end, we have already embarked on dialogue with regional countries and we expect better cross border collaboration, partnerships, and capital flows in the next five years.

Our aim is to build on our work since 2006 to reach greater heights in the development of the Maldivian Capital Market, as the preferred avenue for local businesses to raise funds.

Ahmed Naseer  
Chief Executive Officer



# Executive Summary

Capital markets provide firms with the opportunity to obtain finance from the general public by issuing securities that suit their individual requirements. The option to raise finance from the public has been available to a limited number of firms since the 1960s. However, until 2006, the issuance of shares and other securities was ‘an unclear’ and disorganized process; especially for those firms that risked to access finance through that route. In addition, to this there was no formal mechanism to facilitate the issuance of securities which was further mired by lack of laws and regulations to protect investors from unfair practices in securities transactions and weak governance of public companies.

The Maldives Securities Act (Law no. 2/2006) was enacted to remedy this situation and develop a regulated capital market in the Maldives. It instituted a Stock Exchange, Central Depository, Securities Dealers and the Capital Market Development Authority (CMDA). The Authority was established as an independent institution responsible for regulating and developing the Maldives Capital Market.

The Capital Market Strategic Plan (CMSP) 2015 – 2019 aims to guide further development of the Capital Market of Maldives through the next 5 years. It details Strategic Priorities and provides directions on the strategies to be achieved for specific objectives under these priority areas. The plan covers the entire capital market and is not specific to one single institution with CMDA shall act as the lead institution. A significant number of strategies shall also be implemented by the Maldives Stock Exchange (MSE), and Maldives Securities Depository (MSD). Additionally, it is to be noted that these strategies require coordination with all relevant government and state entities.

# Maldives Macroeconomic Overview

## *Maldives Macroeconomic Outlook*

### **Economic Growth**

According to estimates of the National Bureau of Statistics, real GDP<sup>1</sup> growth is projected to accelerate to 10.5% in 2015, up from 8.5% in 2014, driven mainly by the strong growth of the tourism and construction sectors. This growth in economic activity is also expected to be spurred by the government budgeted expenditure of MVR 22.8 billion. The fiscal deficit for 2015 is estimated at 3.0% of GDP. Meanwhile, the latest balance of payments forecasts estimate the current account deficit to narrow down to US\$214.7 million (6% of GDP) in 2015 from US\$290.0 million (10% of GDP) in 2014<sup>2</sup>. GDP growth in 2016 is projected at 7.1%.

### **Fiscal Policy**

According to the monthly government revenue and expenditure data for December 2014, total revenue (excluding grants) rose by 17% in annual terms and amounted to MVR1.4 billion during the month. Meanwhile, total expenditure (excluding net lending and amortization) fell by 7% and amounted to MVR0.9 billion in December 2014. The increase in total revenue during December 2014 was largely due to a 32% growth in tax revenue while the decline in expenditure was entirely due to a fall in recurrent expenditure<sup>3</sup>.

Loose fiscal policy will continue to pose a substantial risk to macro-stability and to increase risks of debt distress. Recent measures to increase pensions and health benefits added further to fiscal pressures in 2014. In this context, the overall fiscal deficit is projected to remain in double-digit levels over the next two to three years. Financing is expected to become more challenging going

<sup>1</sup> GDP growth rates are based on market prices

<sup>2</sup> Monthly Economic Review, February 2015, MMA

<sup>3</sup> Monthly Economic Review, February 2015, MMA

forward. Continued reliance on costly short-term commercial borrowings from the banking and private sector, monetization of the deficit, and build-up of payment arrears will fuel further fiscal pressures and weigh on the financial and real sectors. Public debt could exceed 90% of GDP in a few years<sup>4</sup>.

### **External Debt**

Total medium and long-term external debt outstanding (Both public and public guaranteed) is at US\$ 789.5 million in 2014 and forecasted to reach US\$ 796 in 2015. In terms of percentage of public and public guaranteed external debt and debt service is 26.1% and 23.5% of GDP in 2014 and 2015 respectively<sup>5</sup>.

### **Balance of Payments and International Reserves**

The current account of the balance of the payment is US\$ -290 million in 2014 and projected amount of 2015 is US\$ -214.7 million which is an estimate of 26% decline in 2015. There is also a significant improvement in the capital and financial account to compare 2014 with 2013. Capital account is US\$ 14.9 million and US\$ 9.8 million in 2014 and 2013 respectively which are more than 50% increases in the capital account. Furthermore, estimates of capital account is US\$ 26.4 million which is almost more than a 77% jump to compare 2014.

Gross International Reserves at the end of November 2014 is approximately MVR 8.4 billion, which is a 64% improvement to compare the Gross Reserves of November 2013. Lower oil prices have improved the outlook for the current account and inflation in 2015. Gross official reserves have risen to around \$614 million (2.8 months imports)<sup>6</sup>.

<sup>4</sup> *Maldives: Country Snapshot, World Bank, October 2014*

<sup>5</sup> *Monthly Statistics, MMA, December 2014*

<sup>6</sup> *Monthly Statistics, MMA, December 2014*

*Macro-economic indicators:  
2013 – 2014*

<b>Macroeconomic Indicators</b>	<b>2013</b>	<b>2014</b>
GDP (Nominal - in Billion USD)	2.6	3.0
GDP (real GDP growth rate)	8.8%	8.5%
Per-capita Income (in USD)	11,903.37	12,435.19
Inflation <sup>7</sup>	3.1%	1.2%
CPI (Male <sup>2</sup> )	105.18	106.42
Balance on Current Account (% of GDP)	-20.8	-19.6

*Table 1: Maldives Macro-economic indicators, 2013 – 2014 (Source: MMA, IMF & WB)*

### **Proposed Policies to Stabilize the Macro Economy**

The Government of Maldives is seeking to stabilize & maintain the fiscal situation at a sustainable level. To achieve these targets, the government has several long run strategies:

- (i) Developing regional hubs and improving transport connectivity which could also encourage voluntary resettlement, and would enable a higher quality of service provision (though such a change will take many years);
- (ii) Developing Special Economic Zones to diversify jobs into off-port shipping service, IT, financial service industries and tourism-support activities such as traditional fisheries and small-scale agriculture;
- (iii) Undertaking infrastructure development, particularly the airport; and
- (iv) Reducing environmental impact of tourism and reliance on oil imports by developing renewable energy sources.

At the time of the IMF's 2013 Article IV consultation, official data pointed to very large current account and fiscal deficits. Two years on, the picture is somewhat different: a recovery in tourism is

<sup>7</sup> Annual percentage change (IMF 2014 Article IV Consultation - Staff Report)

supporting real growth and Maldives is performing well compared to peers; substantial data revisions paint a less worrying picture of the current account (with deficits of 10.6 percent of GDP in 2012 and 6.5 percent of GDP in 2013). The Government of Maldives has initiated taking the following corrective measures to tackle external debt issues:

Increases in taxes, including the Tourism Goods and Service Tax (TGST)

- Introduce green tax on tourism (replacing the bed night tax)
- Acquiring fees from SEZs
- Increases in import duties
- Better targeting of subsidies
- Public employment freeze would generate substantial savings on the wage bill.

The capital market is an important tool that drives the economy on its path to growth and development because it is responsible for long term growth and capital formation by issuing of funds for long term investment; and ensuring an efficient and effective allocation of scarce resources for optimal benefits to the economy. As the fiscal position of the country improves, greater use should be made of market based financing of government debt and for economic growth. To promote nonbank participation, the capital market should be developed, with longer term instruments, primary dealers, and a secondary market.

There are individuals and firms with surplus funds with neither the knowledge of available investment opportunities, nor the skills required to manage investments. Hence, there is a need for pooling mechanisms in the Maldives such as Investment Funds and Private Equity Firms. As such, CMDA has formulated a regulation on Investment Funds, under which Entities can now register and operate as Investment funds in Maldives.

# Situational Analysis

*Milestones of the Capital Market from 2006 to 2014*      The past 8 years have been devoted to laying the groundwork for the nascent capital market

- Establishment and licensing of the Maldives Stock Exchange (MSE) as an independent private entity that facilitates companies raising capital from the public, and trading of existing securities between investors.
- Licensing of individual Brokers and Dealing Companies as market intermediaries that act as agents for those who wish to buy and sell securities.
- Establishment of Maldives Securities Depository (MSD) to safe keep securities, process and record transfer of securities when transactions takes place on MSE. Today, MSD operates as a fully computerized, paperless depository that handles scripless securities.
- CMDA has also worked towards introducing and regulating financial services ancillary to the functioning of the capital market. These include Rating Agencies, and Investment Advisors.
- One main responsibility of CMDA is protecting the rights of investors in public companies. Since its inception, it has mandated the publishing of company information such as quarterly and annual reports and audited financial statements. It has also introduced and regulated General Meetings of shareholders. In addition, it has been instrumental in training board directors and encouraging companies to adhere to best practices in corporate governance.
- The above reforms have facilitated the development of a regulated capital market. The number of public companies listed on the stock exchange has grown from 3 to 6 within the last 8 years.

This includes shares issued by an Islamic Financial Institution and also a Sukuk issuance as well, which initiated the Maldivian Islamic Capital Market. The Capital Market Shari'ah Advisory Council (CMSAC) advises the CMDA board on Shari'ah matters and validates all Islamic Capital Market operations to ensure conformity with the Shari'ah.

- Since the enactment of the Pension Act (law no. 8/2009), CMDA has also been supervising the Maldives Retirement Pension Scheme (MRPS). It applies risk-based supervision (RBS) to carry out this mandate. RBS can also potentially be applied by CMDA to the supervision of Investment Funds once such funds are introduced.

- The Capital Market Strategic Plan 2010 – 2014 acted as the guiding document in attaining the above milestones. The key strategic objectives under the Strategic Plan included, establishing a robust, supportive, legal & regulatory framework that conforms to international best practice; and on the enhancement of capital market infrastructure and institutional arrangement. Overall 72.8% of the Objectives were completed, 14.8% partially Completed and 12.3% were Incomplete.

***Potential to widen the scope of the capital market***

Although the capital market has grown over the past 8 years, there still remains unexplored potential within the financial sector – both formal and informal. In addition to the capital market, the formal financial sector is composed of 7 banks, 4 insurance companies, 1 finance leasing company and 1 housing finance company. The Maldives Retirement Pension Scheme (MRPS) currently exists as the only pension fund which is also the largest institutional investor in the country.

The banking sector in Maldives is dominated by Bank of Maldives Plc, whose majority ownership is held by the Government of Maldives. Maldives Islamic Bank Pvt Ltd, the sole Islamic Bank in the country is owned by Islamic Corporation for Development of the Private Sector (ICD) and the Government of Maldives. The rest of the banking sector consists of branch operations of foreign banks.

# Vision, Mission and Objectives of CMDA

## Vision

Maldives to have a thriving capital market that finances business investments, and one that promotes the expansion and economic growth of the country

## Mission Statement

To facilitate fair and orderly development of a mechanism to finance businesses at a lower cost, and at the same time promote investor protection and confidence in the market.

## Objectives

The overall objectives and mandate of CMDA is prescribed in the Maldives Securities Act 2006, and with the enactment of the Maldives Pension Act in 2007, the Authority is also required to regulate the Pension Industry of the country.

As per the Maldives Securities Act 2006, the principal objectives of the Authority are:-

- (a) to develop a market in which securities can be issued and traded in a fair and orderly manner;
- (b) to protect and promote the interests of investors and potential investors in securities;
- (c) to regulate and supervise the securities market; and
- (d) to take measures in preventing unconscionable conduct in relation to dealings in securities and loss of confidence in the securities market.



# **Strategic Priorities, Programs and Performance Indicators**

## Program 1

# Introduce a Secondary Market for government Securities

*Strategic Priority:*

*Broaden Access to Finance and Investment Opportunities*

### Program Overview

At present, government issues short term Treasury Bills which are subscribed by Banks, SOEs, and few private parties.

Continuous issuance of short term tt in the past years has resulted in crowding out, and volatility in the interest rates.

Short term T-Bills has no secondary market, however behavior of the institutional investors are to roll over their investments once the investment reaches maturity.

This calls for the introduction of long term bonds that is traded in the secondary market, which will suit the financing needs of the government as well as investment needs of the institutional investors and other qualified investors.

### This Program aims to

- Assist the government to structure both conventional and Shariáh compliant Treasury Bonds.
- Enable listing of Treasury Bonds on the Maldives Stock Exchange.
- Introduce a Yield Curve for Maldives securities market.
- Promote fiscal discipline by matching long term projects with long term bond issuance.

### Institutions involved

CMDA, Ministry of Finance & Treasury, Maldives Stock Exchange and MMA.

### Performance Indicators

government Treasury Bonds listed and availed for trading on the Maldives Stock Exchange by September 2015.

## Program 2

### Establish SME Investment Fund

*Strategic Priority:*

*Broaden Access to Finance and Investment Opportunities*

#### Program Overview

More than 10,000 businesses exist in the Maldives and a number of such businesses are micro, small or medium sized enterprises. A number of SMEs were consulted in the planning process, during which difficulties in obtaining finance from banks, either for themselves or for the business sector in general, was highlighted.

As such, the two most commonly cited concerns were:

- Requirement of large amounts as collateral when obtaining bank loans
- Single borrower limit prevents banks from financing the entirety of large projects

For existing financiers, one impediment to investing their funds is the lack of regulated investment products. The concerns raised by businesses with regard to the enforcement of contracts are also relevant for financial intermediaries. Especially in such an environment, prudential investment standards require financial institutions to prefer regulated financial instruments.

#### This program aims to

- Develop investment funds for high-impact SMEs in order to increase employment, and achieve inclusive economic growth.
- Design and introduce a product that will enable various donor agencies, businesses and the government to pool funds, invest and reinvest in nurturing SMEs.

#### Institutions involved

Ministry of Economic Development, Ministry of Finance & Treasury and CMDA

#### Performance Indicators

SME Investment Fund licensed by CMDA by 2016.

## Program 3

# Establish Private Sector Venture Capital Fund

*Strategic Priority:*

*Broaden Access to Finance and Investment Opportunities*

### Program Overview

Outside of the banking sector and the capital market, there exists few mechanisms to match demand and supply of funds. In that, there are individuals and firms with surplus funds with neither the knowledge of available investment opportunities, nor the skills required to manage investments. Conversely, there are those that have challenges in obtaining funds to finance their investments.

A majority of businesses interviewed during the strategic planning process expressed the need for pooling mechanisms such as Investment Funds and Private Equity Firms.

The prevalent view was that rather than they themselves going public and issuing securities on the capital market, it is preferred to have Funds and similar financial institutions that are regulated and who would in turn invest in their businesses.

This program aims to:

- Develop venture capital funds to promote entrepreneurship and innovation
- Create a platform at MSE for business matchmaking
- Enable listed companies to make private placements to attract Private Equity and Venture Capital funds
- Enable both local and foreign investors to engage in investments

### Institutions involved

Ministry of Economic Development, Ministry of Finance & Treasury, CMDA and MSE

### Performance Indicator

A Venture Capital Fund licensed by CMDA by the end of 2016.

## Program 4

# Develop Islamic Capital Market Products

*Strategic Priority:*

*Broaden Access to Finance and Investment Opportunities*

### Program Overview

The Capital Market Strategic Plan aims to promote more investable products to investors of various preferences. Equity, Debt, Investment Funds, Private Equity and Venture Capital Funds are to be introduced in the form of conventional products and/or Shariáh compliant products.

As part of the development activities of the Authority, developing Shariáh compliant products will be a high priority during the next five years.

This program aims to:

- Assist government and Private Sector entities to structure, design and introduce Sukuk and other Shariáh compliant products.
- Promote Islamic Capital Market products and services in the Maldives and regional countries.

### Institutions involved

MMA, CMDA, Ministry of Islamic Affairs, Ministry of Finance & Treasury and MSE

### Performance Indicator

Launching of at least one Shariáh compliant government security by the end of 2015

## Program 5

# Encourage Listings from Private Sector

*Strategic Priority:*

*Broaden Access to Finance and Investment Opportunities*

### Program Overview

Despite the challenges faced in accessing finance from the banking sector in the past 8 years, there were few businesses that have approached the capital market to explore its potential. Some of the reasons the sector remains under-developed would be lack of awareness on the potential of the capital market, the processes involved in going public and lack of knowledge on securities.

Most businesses still associate the capital market with issuing and investing in shares and has relatively little knowledge of customized shares, debt securities and investment funds. Moreover, businesses are not aware of the fact that going public is a process. Companies may seek assistance of CMDA and MSE in the preparation for becoming a public company.

This program aims to:

- Short list companies who intend to register themselves as a public company
- Assist companies introduce and adhere to Corporate Governance practices
- Allow companies to list on the MSE for a specific period in time for promotional purposes through introductory method of listing
- Liaise with CMDA and government to review the legal framework for public companies issuing corporate bonds.

### Institutions involved

Ministry of Economic Development, MSE and CMDA

### Performance Indicators

At least 8 companies list equity shares from 2016 through 2019

At least 8 companies issue bonds from 2016 through 2019

## Program 6

# Promote Financial Literacy and Awareness

*Strategic Priority:  
Educate and Empower*

### Program Overview

A young population willing to take risks and invest in long term instruments provide a great opportunity for market development. The population of Maldives is relatively young with over 65% below 30 years of age. The most recent Household Income and Expenditure Survey in 2010 shows household savings rate at 21.2%.

However, the participation of retail investors in the capital market remains relatively low. Most recent IPOs were not fully subscribed and the number of trades by retail investors on the stock exchange is very low. One reason for this is low financial literacy and education. Another is that securities (especially shares) are viewed as bequests that are passed on to one's children.

This program aims to:

- Establish CMDA Institute as a one stop education and awareness Centre on Capital market products, services and other topics of relevance to the Maldives market.
- Develop advertisements, provide infomercials and print material to enhance public knowledge of the Capital Market.
- A bi-monthly page will be published on a local newspaper, with articles, market data, and information about listed companies and investment opportunities.

### Institutions involved

CMDA, Ministry of Islamic Affairs, Ministry of Education, Maldives National University and Local Media

### Performance Indicators

CMDA Institute to become a nationally recognized training Institute by 2016

## Program 7

# Strengthen Infrastructure of Maldives Stock Exchange

*Strategic Priority:  
Develop Effective Institutions*

### Program Overview

Currently one of the impediments for capital market development is the existence of 100% private sector companies operating in the Maldives Stock Exchange and the Maldives Central Depository. These institutions are usually designed to receive financial support with a liquid market, the government and through listings as well. In the absence of such mechanisms, there is a dire need to develop market infrastructure. However, the lack of government support impedes obtaining the finances required.

It is important at the infant stage of this Institution, for the government to have a stake in the stock exchange and the depository. Further, the maintenance and smooth operations of the exchange and depository are matters of national interest.

Currently, MSE and MSD are in the process of developing their Information Technology Systems. Provided that adequate funding is obtained, there is potential that a modernized MSE and MSD would be able to activate the market. The pace at which internet and mobile usage has increased and spread is evidence of this potential. Accordingly, internet, mobile telephone and mobile internet coverage reaches a large majority of the population.

This program aims to:

- Find strategic partners to assist MSE and MSD
- Develop IT infrastructure of the MSE and MSD
- Enter into bilateral agreements to promote cross border listings
- Form strategic alliances with foreign stock exchange(s)

### Institutions involved

MSE, CMDA, Ministry of Finance & Treasury and Ministry of Foreign Affairs



## **Performance Indicators**

Establishment of an Automated and efficient Securities Depository and a functional front end trading platform by 2016

## Program 8

### Strengthen CMDA's Functions

*Strategic Priority:*

*Develop Effective Institutions*

#### Program Overview

The Capital Market Development Authority is required to develop, regulate and protect investors and also provide an enabling environment for market players to effectively function in the capital market.

In order to execute the programs for the next 5 years, it is crucial that CMDA focuses on market oriented policies and practices, enabling private sector companies to utilize the capital market as an alternative to access finance. Alongside, CMDA also aims to promote investments and also inculcate a savings culture in the Maldives.

This program aims to:

- Review various functions of CMDA to create synergies for carrying out legal functions and development role
- Promote market oriented policies and practices
- Increase stakeholder dialogue
- Promote Capital Market by strengthening human capacity within CMDA

#### Institutions involved

CMDA, Attorney General's Office, Ministry of Finance & Treasury, The President's Office and MMA

#### Performance Indicators

Qualified 'specialist' professionals working at CMDA performing supervisory functions of the Stock Exchange, and other market participants

Efficient IT systems in place that is integrated into the systems of the MSE and MSD

## Program 9

# Establish Strategic Alliances with International Exchanges & Regulators

### *Strategic Priorities:*

*Broaden Access to Finance and Investment Opportunities & Improve Stakeholder Relations*

### **Program Overview**

In order to effectively carry out Program 7, it is essential to establish closer collaboration with the international markets. Given the openness of the Maldives economy, the potential of the capital market is broadened with greater integration with the international capital markets.

Strategic alliances with neighboring SAARC countries, ASEAN, and other small island nations will not only provide opportunity of tapping into their markets, but also access to their knowledge and expertise in this field as well.

This program, aims to:

- Enter into bilateral arrangements amongst Stock Exchanges, Securities Depositories, Securities Regulators and regional players promoting capital markets
- Initiate dialogue with the relevant countries to enter into Investment Agreements for promotion and protection of investments
- Initial dialogue with relevant countries to enter into double Taxation Avoidance Agreements
- Affiliate and conduct joint promotional activities with Maldivian missions abroad

### **Institutions involved**

MSE, CMDA, Ministry of Finance & Treasury and Ministry of Foreign Affairs

### **Performance Indicators**

Sign an Agreement with a partner stock exchange and securities regulator, that will enable dual listing of companies in both exchanges of the two countries

At least two Maldivian companies to successfully raise funds from international capital markets by 2016

## Program 10

# Maintain Regular Consultations with government, Businesses, and Investors

*Strategic Priority:  
Improve Stakeholder Relations*

### Program Overview

There need to be regular consultations between CMDA and relevant government agencies in order to align the wider policies of the government and the policies of CMDA.

The majority of business stakeholders interviewed during consultations were of the view that CMDA needs to reach out to the wider business community so as to educate business owners and executives on the capital market, and also obtain their feedback. Similarly, CMDA needs to continue and increase efforts to establish and maintain communication channels with the general public.

This program aims to:

- Conduct meetings at least on a quarterly to sensitize relevant authorities on new developments in the capital market arena.

### Institutions involved

CMDA, The President's Office, Ministry of Finance & Treasury, Ministry of Economic Development, MNCCI, MATI and MMA

### Performance Indicators

Regular monthly briefings (meetings) with the EYC at the President's Office, Ministry of Finance and other stake holders

# The roles of Institutions

ROLE	LEAD INSTITUTIONS	SUPPORT INSTITUTIONS
Developing frameworks for capital market development and proposing them to respective institutions	CMDA	MED
Proposing amendments to legislations and regulations	CMDA	AGO
Approaching SOEs, and private companies on going public and issuing securities	CMDA	MSE
Proposing possible structures of securities and facilitating the listing process	MSE	Dealing Companies
Development of information packages on procedural details of registering Investment Funds, Going Public, Issuing Securities and similar tasks	CMDA	MSE
Development of proposal to modernize MSE-MSD	MSE	CMDA
Development of platform for PE and VCs	MSE	CMDA & MED
Development of plans for CMDA	CMDA	
Engage with CMDA to align capital market development with government policies	President’s Office, EYC, MOFT	CMDA

# Financial Plan

<b>PROGRAM</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Establish a secondary market for Government Treasury Bonds	260,000.00	260,000.00	260,000.00	260,000.00	260,000.00
SME Investment Fund	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00
Private Sector Venture Capital Fund	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00
Develop Islamic Capital Market Products	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00
Encourage Private Sector to raise finance from the capital market	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00
Promote Financial Literacy	800,000.00	800,000.00	800,000.00	800,000.00	800,000.00
Strengthen Infrastructure of Maldives Stock Exchange	500,000.00	3,084,000.00	500,000.00	500,000.00	500,000.00
Strengthen CMDA operations	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00
Establish strategic alliance with International Exchanges & Regulators	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00

Maintain regular consultation with Government, Businesses and Investors	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00
<b>Total Programs</b>	<b>3,760,000.00</b>	<b>6,344,000.00</b>	<b>3,760,000.00</b>	<b>3,760,000.00</b>	<b>3,760,000.00</b>
CMDA Staff and Board Expenses	5,684,074.00	5,684,074.00	5,684,074.00	5,684,074.00	5,684,074.00
CMDA Administrative Expenditure	1,846,209.00	1,846,209.00	1,846,209.00	1,846,209.00	1,846,209.00
<b>Total:</b>	<b>11,290,283.00</b>	<b>13,874,283.00</b>	<b>11,290,283.00</b>	<b>11,290,283.00</b>	<b>11,290,283.00</b>

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# Maldives Financial Sector

	Type	Main legislation/regulation	Regulatory Authority	Existing institutions	Target 2015 - 2019 (Additional)
<b>ISSUANCE OF INVESTMENT PRODUCTS</b>	<b>Shares</b>	Maldives Securities Act	CMDA	6 companies	8 companies
	<b>Bonds</b>	Maldives Securities Act	CMDA	1 company	8 companies
	<b>Sukuk</b>	Maldives Securities Act	CMDA	1 company	4 companies
	<b>Bank Deposits</b>	Maldives Banking Act	MMA	7 banks	
	<b>Government Securities</b>	Maldives Securities Act	None	Offered by the government. Mainly short term T-bills	
	<b>Investment Funds</b>	Regulation on Investment Funds	CMDA	None	2
	<b>Informal</b>	Companies Act	ROC	Private companies and local investments	
<b>FINANCIAL INTERMEDIATION SERVICES</b>	<b>Banks</b>	Maldives Banking Act Islamic Banking Regulation (For Islamic Banks)	MMA	7 banks	
	<b>Finance Companies</b>	Maldives Monetary Authority Act	MMA	1 Finance Leasing Company 1 Housing Finance Company	
	<b>Investment Funds (asset managers)</b>	Regulation on Investment Funds	CMDA	None	1
	<b>Pension Fund</b>	Pension Act	MPAO, CMDA	Maldives Retirement Pension Scheme MRPS (managed by MPAO)	
	<b>Venture Capital</b>	None	None	Informal	1
	<b>Private Equity Firms</b>	None	None	Informal	



<b>CUSTODIANSHIP AND RECORD-KEEPING SERVICES</b>	<b>Custodial Services</b>	Regulations of Institutions Providing Custodial Services	CMDA	1 Custodian Bank serving MRPS	2
	<b>Securities Depository</b>	Maldives Securities Act	CMDA	Maldives Securities Depository Pvt Ltd	
<b>FINANCIAL MARKET PLATFORMS AND AGENCY SERVICES</b>	<b>Stock Exchange</b>	Maldives Securities Act	CMDA	Maldives Stock Exchange Pvt Ltd	
	<b>Market Agents</b>	Maldives Securities Act	CMDA	2 Dealing Companies and 4 Brokers	2
<b>ADVISORY SERVICES</b>	<b>Investment Advisors</b>	Regulation on Investment Advisers	CMDA	None	5
	<b>Shariah Advisors</b>	Regulation on Registration of Shari'ah Adviser	CMDA	1 Individual	4
	<b>Ratings Agencies</b>	Rules on Credit Rating Agencies	CMDA	1 Rating Agency	1
<b>INSURANCE</b>	<b>Insurance Companies</b>	Insurance Industry Regulations	MMA	4 Insurance Companies	







**CMDA**

Capital Market Development Authority