

ISSUANCE AND LISTING OF DEBT & SUKUK SECURITIES VIA PRIVATE PLACEMENT FRAMEWORK/VIYANA BOARD

Capital Market Development Authority





CMDA

Capital Market Development Authority

Capital Market Development Authority
H. Orchid, 3rd Floor, Ameer Ahmed Magu,
Male', Maldives

Phone: +960 3336619 | Fax: +960 3336624 | Email: mail@cmda.gov.mv
www.cmda.gov.mv

CONTENTS

What is Private Placement Framework/Viyana Board?	4
What is the meaning of sale of securities by way of Private Placement?	4
What is Viyana Platform?	4
Who is eligible to register as an Investor on the Viyana Platform?	4
What is the applicability of the Private Securities Regulation?	4
Who is allowed to Issue and list debt and sukuk securities via the private securities framework?	5
What are the eligibility criteria to issue and list debt and sukuk securities via Private Placement Framework/Viyana Board?	5
What are the requirements for registering a private placement prospectus?	5
What is the procedure for approving a prospectus?	6
What are the requirements for issuing a debt via the private placement framework?	6
What are the requirements for listing on the Stock Exchange?	6
What are the requirements for Listing of Debt and Sukuk Securities via private placement on the Stock Exchange?	7
What is the procedure for approving a listing application by the Stock Exchange?	7
What are the criteria for the publication of the private placement prospectus?	8
How is the subscription process carried out for private placement offer?	8
What are the ongoing compliance obligations of an Issuer listed via the Private Placement Framework/Viyana Board?	8

What is Private Placement Segment/ Viyana Board?

It is an organized – regulated segment of the securities market developed by CMDA and the Stock Exchange to enable issuance and listing of Debt and Sukuk Securities issued by way of private placements.

What is the meaning of issuance of securities by way of Private Placement?

For the purposes of the Private Securities Framework, a private placement is where the Issuer makes a subscription invitation to a selected group of investors who fulfil the criteria of the private securities segment of the Stock Exchange (Viyana Platform) through personalised invitations.¹

What is Viyana Platform?

It is an electronic platform developed by the Stock Exchange where to register eligible investors for the Private Securities Segment/Viyana Board. The Issuers will undertake their funding round on the platform.

What are the criteria to register an Investor on the Viyana Platform?

Only entities/individuals with the capacity or resources to assess investment risks and make investment

decisions shall register with the stock exchange, in accordance with the requirements of the Stock Exchange, for the purpose of investing in securities offered to selective invitees.²

What is the scope of the Private Securities Segment regulations?

Any issuance of securities by way of the private placement to more than 50 investors are mandatory to be registered with CMDA as a private placement offer. For less than 50 investors, it is voluntary. Additionally, any offer of securities that are made via the licensed Stock Exchange must be regulated by CMDA as a private placement listing.³

What are the requirements for making a private placement invitation via the Viyana Platform?

- 1) Register a private placement prospectus with CMDA as per Regulation on Issuance of Securities (Regulation No: R-126/2021).
- 2) Obtain a listing approval from the licensed Stock Exchange as per the [Listing Rules](#) of the Stock Exchange.

1 Regulation on Issuance of Securities (section 21(b)).

2 Regulation on Issuance of Securities (section 21 (c)).

3 Regulation on Issuance of Securities (section 2 (b) and (c)).

What are the criteria for registering a Private Placement prospectus?

1. The Issuer should be a company, an investment fund or a SPE under a securitization scheme, registered under the relevant laws and regulations of the Maldives.⁴
2. The audited financial statements of the Issuer for the past financial year should not be more than six months old with additional flexibility as per [Regulation on Issuance of Securities](#).⁵
3. The prospectus should be prepared with all the required disclosures in accordance with appendix 1 of the Regulation on Issuance of Securities.

Note: Public companies, government companies and private companies can tap the Private Placement Segment/ Viyana Board for meeting their financial needs.

What are the criteria applicable on issuance/ listing securities via a private placement?

The Issuer's asset cover ratio and debt service ratio shall at a minimum meet the following criteria;

- (a) If capital being raised up to MVR 2 million⁶
Asset Cover Ratio=1
Debt Service Ratio=1

- (b) If the capital being raised is > MVR 2 million⁷
Asset Cover Ratio=1.5
Debt Service Ratio=1.5

- (c) If the debt being issued are backed by collateral and the value of asset is in proportion as follows with capital being raised, the asset cover ratio and debt service ratio shall be in accordance with the criteria below;

100% or >⁸
Asset Cover Ratio= -
Debt Service Ratio=1
Between 50% and 100%⁹
Asset Cover Ratio=0.5
Debt Service Ratio=1

- (d) Where the Issuer is a subsidiary of another company (parent company), and where the parent company fulfils the criteria in (a) and (b) of this section, and the securities are guaranteed by the parent company, leniency to the above requirements can be applied.¹⁰

- (e) Where the securities being issued are guaranteed by the government, leniency to the above requirements can be applied subject to the terms of the guarantee.¹¹

- (f) Where debt is being issued as "secured" debentures or bonds, the provisions of Section 12 of the Regulation on Issuance of Securities will apply.¹²

³ Regulation on Issuance of Securities (section 22 (a) (1) (2) and (3)).

⁴ Regulation on Issuance of Securities (section 8 (1) & (2)).

⁵ Regulation on Issuance of Securities (section 25 (a) (1)).

⁶ Regulation on Issuance of Securities (section 25 (a) (1)).

⁷ Regulation on Issuance of Securities (section 25 (b) (2)).

⁸ Regulation on Issuance of Securities (section 25 (b) (1)).

⁹ Regulation on Issuance of Securities (section 25 (b) (2)).

¹⁰ Regulation on Issuance of Securities (section 25 (c)).

¹¹ Regulation on Issuance of Securities (section 25 (e)).

¹² Regulation on Issuance of Securities (section 25 (f)).

- (g) Leniency may also be granted where the issuer of debentures or bonds has obtained a credit rating for the securities being issued and submitted said rating with the prospectus, subject to the rating and issuing agency being taken into consideration.¹³

Section 12 of the Regulation on Issuance of Securities

- (a) Where the total or partial value of the security being issued is collateralized, the Issuer of the Security or the Parent Company where the Issuer is granted an exemption should fulfil the following requirements;
- 1) The asset allocated for collateralization with respect the securities being issued shall be collateralized in accordance with the Mortgage Act (9/93), Maldives Land Act (1/2002) and other relevant legislations.¹⁴
 - 2) The value of the asset/s being collateralized should be equal to or should exceed the value of the securities being issued. Where the securities being issued are backed partially with collateral, the value of the collateral should be 50% or greater than the value of the securities.¹⁵
 - 3) All processes related to the collateral should be completed within 14 days from the allocation of securities.¹⁶

- (b) The asset/s should be insured.¹⁷

- (c) Where the securities being issued are backed by a sovereign guarantee, an exemption can be granted for requirements (a), (b) and (c).¹⁸

What are the criteria relating to publication of a Private Placement prospectus?

- a) Private Placement Prospectus should be published on the Viyana Platform and should be accessible to all registered investors.
- b) It should be published at least 14 days prior to opening of subscription.¹⁹

Note: Publication of a private securities prospectus on any public domain except the Viyana Platform is prohibited. However, advertising publicly as per rules of CMDA can be allowed.

What are the criteria applicable on subscription, allotment and deposit of securities in a Private Placement?

- a) The Issuer should specify the subscription period at the time of registration on Viyana Platform. The subscription period should not exceed 30 days or a period subsequently approved by the Stock Exchange.²⁰

¹³ Regulation on Issuance of Securities (section 26 (a))

¹⁴ Regulation on Issuance of Securities (section 12 (b) (1)).

¹⁵ Regulation on Issuance of Securities (section 12 (b) (2)).

¹⁶ Regulation on Issuance of Securities (section 12 (b) (3)).

¹⁷ Regulation on Issuance of Securities (section 12 (c)).

¹⁸ Regulation on Issuance of Securities (section 12 (d)).

¹⁹ Listing Rules (section 85 (a)).

²⁰ Listing Rules (section 85 (b)).

- b) The issuer should select from among the investors who express interest and commitment to invest via the platform and send personalized invitations to subscribe. This is a crucial regulatory requirement to differentiate private placements with public offers.
- 3) In case the Issuer would like to withdraw or extend the subscription period, the request should be submitted to CMDA via the platform.
- d) If the withdrawal is approved by the CMDA, the refund to investors should be processed within 7 market days from the date of withdrawal approval.²¹
- e) On completion of the subscription process, the Issuer should generate the allotment list through the Viyana Platform within 7 market days from the date of close of subscription and inform the investors of the allotment via the Viyana Platform.²²
- f) The Issuer should generate the deposit request to MSD via the Viyana Platform within 3 market days following the allotment notification to the investors.²³
- g) MSD should deposit the allotted securities to the securities accounts of the investors within 3 market days following the deposit request generated by the Issuer. The deposit announcement should be published by the platform.²⁴

What are the ongoing compliance obligations of an Issuer listed via the Private Placement segment/ Viyana Board?

Issuers shall disclose information via the platform to all registered investors in accordance with the [Regulations on the Continuing Disclosures and Obligations of Issuers](#).²⁵ Even though [Regulations on the Continuing Disclosures and Obligations of Issuers](#) is stated as is, where information required by the stated regulation is biannually disclosed to entities/ individuals who have invested in securities via the Private Securities Segment, in accordance with procedures set forth by the Stock Exchange, shall be deemed to have disclosed information to investors.²⁶

What are the applicable fees for Private Placement Segment/Viyana Board?

Applicable Fees for issuance on Viyana board are:

- a) Placement Fee (applicable for all issuance on Viyana), and is one off fee payable on completion of the Offer on Viyana by an Issuer.
- b) Annual Listing Fees (applicable to Debt securities only) is collected by MSE on an Annual basis as Listing fee for securities issued on Viyana, and subsequently listed on MSE.

²¹ Listing Rules (section 85 (c)).

²² Listing Rules (section 85 (d)).

²³ Listing Rules (section 85 (e)).

²⁴ Listing Rules (section 85 (f)).

²⁵ Regulation on Issuance of Securities (section 30 (a)).

²⁶ Regulation on Issuance of Securities (section 30 (b)).

How is Placement Fee levied on Private Placement/ Viyana Board?

Fees will be based on brackets not exceeding % of total amount raised.

Offer Brackets [in MVR]	Rate	Fee Payable for This Bracket [in MVR]	Total Fees Payable on this Offer [in MVR]
0 - 1,000,000	1.00%	10,000.00	Min 10,000.00
1,000,001 - 5,000,000	0.90%	36,000.00	46,000.00
5,000,001 - 10,000,000	0.80%	40,000.00	86,000.00
10,000,001 - 25,000,000	0.70%	105,000.00	191,000.00
25,000,001 - 50,000,000	0.60%	150,000.00	341,000.00
50,000,001 - 100,000,000	0.50%	250,000.00	591,000.00
100,000,001 - 200,000,000	0.40%	400,000.00	991,000.00
200,000,001 - 400,000,000	0.30%	600,000.00	1,591,000.00
400,000,001 and above	0.20%		up to 2,000,000.00

Minimum Fee: MVR 10,000 (Ten Thousand Rufiyaa), Maximum fee: MVR 2,000,000 (Two Million Rufiyaa). Placement Fees are only applicable on the actual amount raised.

How is Annual Listing Fee charged for Private Placement/ Viyana Board?

Annual listing fee will be charged at 0.05% of value of securities outstanding payable as per invoice at the beginning of the year.

How is Depository Fee charged for Private Placement/ Viyana Board?

Fees will be based on brackets with minimum fee of MVR 15,000.

Offer Brackets [in Securities]	Rate	Fee Payable for This Bracket [in MVR]	Total Fees Payable on this Offer [in MVR]
0 - 1,00,000		-	Min 15,000.00
100,001 - 200,000	500.00	5,000.00	20,000.00
200,001 - 300,000	475.00	4,750.00	24,750.00
300,001 - 400,000	450.00	4,500.00	29,250.00
400,001 - 500,000	425.00	4,250.00	33,500.00
500,001 - 600,000	400.00	4,000.00	37,500.00
600,001 - 700,000	375.00	3,750.00	41,250.00
700,001 - 800,000	350.00	3,500.00	44,750.00
800,001 - 900,000	325.00	3,250.00	48,000.00
900,001 - 1,000,000	300.00	3,000.00	51,000.00
1,000,001 & Above	250.00	Based on No. of Securities exceed- ing 1M	



Capital Market Development Authority

H. Orchid, 3rd Floor, Ameer Ahmed Magu,
Male', Maldives

Phone: +960 3336619 | Fax: +960 3336624

Email: mail@cmda.gov.mv | www.cmda.gov.mv