

Capital Market Development Authority (CMDA)

REGULATION ON PRINCIPAL ADVISERS

Regulation Number: 2024/R-67

(Unofficial English Translation)

Chapter 1

Preliminary

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| Introduction and title | <p>1. (a) This regulation is enacted by the Capital Market Development Authority under section 63 of the Maldives Securities Act (Law no: 2/2006).</p> <p>(b) This regulation shall be cited as “Regulation on Principal Advisers”.</p> |
| Objectives of the Regulation | <p>2. The objectives of this regulation are set out below.</p> <p>(a) Ensure that principal advisers are competent entities with the appropriate skills, education, and experience needed for the role.</p> <p>(b) Prepare corporate proposals (prospectus) for the issuance of securities to be submitted to the Authority, or any other proposals requiring the Authority's approval in compliance with the applicable laws and regulations.</p> |

Chapter 2

Principal Advisers: Criteria and Responsibilities

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| Preparation of Corporate Proposals (Prospectus) | <p>3. Corporate proposals (prospectuses) shall be submitted to the Authority through a principal adviser in accordance with these regulations.</p> |
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- Criteria for Qualification as a Principal Adviser
4. (a) The entities listed below are eligible to be registered with the Authority as Principal Advisers.
- (1) Investment Advisers registered in the Authority;
 - (2) Accounting and Law Firms registered in the Maldives;
 - (3) Investment Banks registered in the Maldives;
 - (4) Development Banks registered in the Maldives;
 - (5) Dealers licensed by the Authority.
- (b) Entities registered as principal advisers under section (a) must have individuals who satisfy at least the following requirements.
- (1) 5 (five) years of experience in the field of corporate finance;
 - (2) Has played a key role in an engagement team responsible for providing corporate finance advisory;
 - (3) Fellow member of the Institute of Chartered Accountants of the Maldives, or
 - (4) A person who has completed a course that is considered appropriate by the Authority to qualify as a Principal Adviser.
- (c) The individuals appointed under (b) of this section shall comply with the 'fit and proper' requirements set by the Authority.
- (d) The Principal Adviser taking upon the task of preparing a corporate proposal under these regulations must ensure that the entity meets the requirements outlined in (b) and (c) of this section until the said corporate proposal is approved by the Authority.
- Responsibilities of Principal Advisers
5. Registered Principal Advisers shall have the following responsibilities.

- (a) Confidentiality of the client's disclosed information should be maintained at all times.
- (b) ensure that there is no conflict of interest in undertaking and carrying out the work of the client;
- (c) The Principal Adviser must notify the Authority in writing after assuming responsibility for a client's work under these regulations.
- (d) Registered Principal Adviser shall cooperate with the Authority during the approval process of a corporate proposal.
- (e) If a person who has participated in the issuance of securities as a principal adviser under these Regulations is proposed for appointment as an investment adviser for those securities, the applicant shall be notified in writing that they have been involved in the issuance of securities. The notice shall specify whether the services provided as a principal adviser were for a fixed fee, contingent fee, or another type of fee.

Chapter 3

Application for Registration

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| Submission for Registration | 6. | (a) Applications for registration on the authorized list shall be submitted in the manner prescribed by the Authority. |
| | | (b) Registration applications must be accompanied by a registration process fee of MVR 1000 (One Thousand). |
| Inclusion on the Authorized List | 7. | (a) If the Authority determines that the person is eligible based on the submitted application following these regulations, their name shall be included in the approved list upon the issuance of a registration certificate by the Authority. |
| | | (b) The Authority will maintain the authorized list, and any changes to the list will be posted on the Authority's website. |

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| Registration Renewal | 8. Principal Advisers shall apply for the renewal of their registration every 5 (five) years in a manner prescribed by the Authority. |
| Annual Fee | 9. Authorized Principal Advisers shall pay an annual fee of MVR 3000 (three thousand) to the Authority. |

Chapter 4

Miscellaneous Provisions

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| Review of Principal Advisers' Performance | 10. The Authority may conduct a formal review of authorized principal advisers to ensure they comply with the requirements outlined herein and are fulfilling their responsibilities. |
| Removal from the Authorized List | 11. (a) The Authority reserves the right to remove a person from the Authorized List if they do not meet the requirements as an Authorized Principal Adviser or fail to fulfill their responsibilities. (b) If the Authority determines that a principal adviser should not be included on the authorized list, the adviser will be removed from the list, provided they have been given a reasonable opportunity to respond. |
| Authority's Power to Issue Directions | 12. The Authority may issue written directions to the Principal Adviser when deemed necessary for the protection of public interests or safeguarding of the nation's capital market. |
| Definitions | 13. Unless the context otherwise requires, the following terms and phrases shall have the meanings given to them below. (a) "Authority" shall mean Capital Market Development Authority (CMDA) established under the Maldives Securities Act 2/2006. (b) "Authorized Principal Adviser" shall mean Principal Advisers who are registered and included in the Authorized List as outlined herein. |

- (c) "Approved List" shall mean the list of entities that meet the requirements of these regulations and have been approved by the Authority to act as principal advisers.
- (d) "Corporate Proposal" shall mean any proposal submitted to the Authority for approval regarding the issuance or sale of securities, or for an invitation to purchase securities. (This includes prospectus, or any other document submitted to the Authority)

Commencement

- 14. This regulation shall come into effect on the date of its publication in the Gazette.

Guidelines Repealed

- 15. Once this regulation comes into effect, the Guidelines on Principal Advisers published in the Gazette on 12 March 2012 will be repealed.