



Capital Market Development Authority
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PROSPECTUS REGULATION FOR THE MALDIVES CAPITAL MARKET

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Background

Prior to the Company Law 7/23, prospectus requirements were prescribed by the Registrar of Companies (ROC) under the Companies Act 10/96 and by the Capital Market Development Authority (CMDA) under the Maldives Securities Act 2/2006. The ROC and the CMDA have therefore been implementing a joint process for the grant of approval/registration for prospectuses.

With the enactment of the new Companies Law 7/23, the responsibility of prospectus requirements has been transferred to the CMDA. With the enactment of the new law, the prospectus requirements prescribed by the ROC under the Companies Act 10/96 have been repealed and the regulations prescribed by CMDA are currently effective.

The prospectus requirements prescribed by CMDA are currently included in the Regulation on Issuance of Securities (Schedule 1 of the Regulation on Issuance of Securities). These requirements are currently not in the form of a full-fledge prospectus regulation. The purpose of this white paper is therefore to propose enhancement to convert the existing CMDA prospectus requirements into a full-fledge prospectus regulation based on international standards and best practices and seek stakeholder feedback on the proposed enhancements to the framework.

Objectives

Apart from the broader objective of addressing the recent changes to the legal framework and aligning disclosure standards with standards prescribed by International Organization of Securities Commissions (IOSCO), the review of prospectus requirements has the following specific objectives.

1. **Investor Protection:** Ensure that investors receive clear, accurate, and comprehensive information about investment opportunities, helping them make informed decisions.

2. **Transparency:** Promote transparency in the securities market by requiring Companies to disclose essential information about their business, financial health, and risks associated with the investment.
3. **Market Integrity:** Maintain the integrity of securities markets by preventing fraud and misleading statements, thereby fostering trust among investors.
4. **Regulatory Compliance:** Establish a framework for compliance with securities laws and regulations, ensuring that companies adhere to established standards.
5. **Standardization:** Create uniformity in the information provided across different companies, making it easier for investors to compare investment options.
6. **Facilitate Capital Raising:** Support companies in raising capital by providing a clear and structured process for issuing securities, which can encourage investment.
7. **Risk Awareness:** Highlight potential risks associated with investments, helping investors understand the uncertainties involved.

By achieving these objectives, prospectus regulations contribute to a stable and efficient capital market.

Methodology

Prospectus requirements adopted in Malaysia, Singapore and Sri Lanka was reviewed to identify similarities and differences in disclosure requirements adopted in each of these markets. Further to this, a review of the IOSCO disclosure standards on cross-border offerings was conducted. The review identified that the requirements in these model jurisdictions largely align with IOSCO standards. The existing prospectus requirements therefore will need enhancements to ensure that it is harmonized with the framework of other jurisdictions in the region and with IOSCO standards. This strategy will benefit both the companies and the investors. For companies, mainly with conducting cross border offerings under cross-listing frameworks and for Investors, mainly with having the advantage of comparability.

Structure of the Regulation

The structure of the regulation will include 3 key components: 1) General Principles, 2) Contents of the prospectus, and 3) Procedures for Registration.

- **General principles** will mainly emphasize the importance of transparency, accuracy, and fairness in providing information to investors. It includes requirements on clear communication of risks, financial performance, and other relevant factors influencing investment decisions to protect investors by ensuring all material information is presented comprehensibly.
- **Contents of the prospectus** will mainly cover the following aspects:
 1. **Introduction:** Overview of the Company and the offering.
 2. **Business Description:** Details of business operations, products, and services.
 3. **Financial Information:** Historical financial statements and projections.
 4. **Risk Factors:** Potential risks associated with the investment.
 5. **Use of Proceeds:** How the funds raised will be used.
 6. **Management and Governance:** Information about the board of directors and management.
 7. **Legal and Regulatory Information:** Compliance and legal proceedings.
 8. **Market Information:** Analysis of the market environment and competition.

These sections ensure potential investors have comprehensive information to make informed decisions.

- And finally, the **procedures for registration** will mainly cover the requirements and processes for submitting a prospectus for approval. This includes preparing the necessary documentation, ensuring information disclosure and complying with regulatory standards, and prospectus registration fees.

Regulation to serve as a standardized ready-made prospectus template

The structure of the regulation will be in the form of a **standardized ready-made template** that must be followed by the company and principal advisor in preparing a prospectus. This will help achieve the following important outcomes:

1. **Consistency:** The necessary information will be presented in a uniform manner, making it easier for investors to compare different offerings.
2. **Clarity:** Investors can quickly locate and understand key information about an investment.
3. **Compliance:** Company can have better guidance over compliance requirements.
4. **Efficiency:** Streamlines the prospectus preparation process for Companies, reducing the time and resources needed to create a prospectus.
5. **Reduced Errors:** With a predefined structure, the risk of omitting important information or making errors is minimized.
6. **Investor Confidence:** Consistent and clear presentation of information fosters trust and confidence among investors, as they can rely on a familiar format.
7. **Facilitates Education:** New investors can more easily understand the materials when they follow a common structure, aiding in their education about investment opportunities.

Overall, standardized template enhances the effectiveness of prospectuses in serving both Company and investors.

Different ready-made templates-based product/security

The structure of the regulation will further provide two separate standardized ready-made templates in the form of **division 1** and **division 2** based on whether the Company is seeking to sell equity (shares) or debt (corporate bonds or sukuk).

The template for issuance of debt securities (corporate bonds or sukuk) can be further differentiated for those companies who have their equity (shares) already listed on the Stock

Exchange on the basis that their information is already available in the market and is continuously updated through periodic reporting processes of the market. These differentiations are important for the following reasons:

1. **Different Nature of Instruments:** Equity and debt securities have fundamentally different characteristics, risks, and investment profiles. Separate divisions allow for tailored guidance that addresses these differences effectively.
2. **Distinct Investor Considerations:** Investors in equity are typically focused on ownership, potential growth, and dividends, while debt investors are more concerned with interest payments, repayment risks, and creditworthiness. Separate divisions help cater to the specific needs and interests of each type of investor.
3. **Regulatory Clarity:** Differentiating the regulations helps clarify the specific legal and regulatory requirements applicable to each type of security, reducing confusion for Companies and ensuring compliance.
4. **Risk Disclosure:** The risks associated with equity (e.g., market volatility, dilution) differ from those related to debt (e.g., default risk, interest rate risk). Differentiated disclosures ensure that investors receive comprehensive and relevant information for making informed decisions.
5. **Investment Strategy Implications:** The information and disclosures relevant to equity investments (like growth potential) differ from those for debt (like credit ratings). Separate divisions help align disclosures with the strategies and concerns of each investor type.

Overall, this separation enhances the clarity and effectiveness of the prospectus, facilitating better understanding and decision-making for investors in both equity and debt securities.

Provision of Guidance Notes

The structure of the regulation will also include detailed guidance notes where appropriate. These guidance notes will assist the users in the following manner:

1. **Clarification:** clarify the regulatory requirements, making it easier for companies to understand what is expected in terms of content and format.
2. **Best Practices:** outline best practices and recommendations, helping companies enhance the quality and comprehensiveness of their disclosures.
3. **Consistency:** promote consistency in the preparation of prospectuses, which aids in comparison for investors.
4. **Risk Mitigation:** highlight common pitfalls and areas where companies might struggle, allowing companies to avoid mistakes that could lead to regulatory issues or investor dissatisfaction.
5. **Investor Protection:** emphasize the importance of transparency and thoroughness in disclosures, ultimately protecting investors by ensuring they receive adequate information to make informed decisions.
6. **Adaptability:** adapt to changes in regulations or market conditions by offering insights into how to address new requirements effectively.

Overall, guidance notes will serve as a valuable resource for companies, helping them navigate the complexities of creating a prospectus while promoting transparency and investor confidence. Comprehensive guidance notes are provided under risk factors and financial information.

Contents of the Prospectus

The below table provides a snapshot of the disclosure requirements that has been included in the regulation. The table further depicts the differentiated disclosure requirements based on the product or type of security.

Equity (shares)		Debt (corporate bonds or Sukuk)	
Chapter 1	Introduction (cover page, inside cover/first page: responsibility statements, statements of disclaimer, additional statements, indicative timetable, corporate directory, and approvals and conditions)	Chapter 1	General
Chapter 2	Prospectus Summary	Chapter 2	Cover page
Chapter 3	Details of Offering (history of market prices, plan of distribution, selling shareholders dilution, use of proceeds)	Chapter 3	Inside cover/first page: responsibility statements, statements of disclaimer, additional statements
Chapter 4	Information on promoters, substantial shareholders, directors, key senior management and key technical personnel (remuneration information,	Chapter 4	Timetable and corporate directory

	declaration by each promoter, substantial shareholder, director and member of key senior management and technical personnel)		
Chapter 5	Information on the Corporation(background, business overview, material contracts, property, plant and equipment, employees, major customers, major suppliers, exchange controls)	Chapter 5	Information on the corporate bonds or sukuk
Chapter 6	Risk Factors	Chapter 6	Risk Factors
Chapter 7	Related Party Transactions	Chapter 7	Information about issuer/substantial shareholders/ directors/key management personnel/guarantor
Chapter 8	Conflict of Interest	Chapter 8	Financial information
Chapter 9	Financial Information (capitalization and indebtedness, management discussion and analyses of financial conditions and result of operations, dividends,	Chapter 9	Related-party transactions/conflict of interest

	taxation, significant changes, pro forma financial information, future financial information)		
Chapter 10	Reports by the Auditors (content, pro forma financial information, future financial information)	Chapter 10	Rights of holders of corporate bonds or sukuk
Chapter 11	Expert's Reports	Chapter 11	Information relating to bond /sukuk trustee and trust deed
Chapter 12	Additional Information (share capital)	Chapter 12	Expert's Reports
Chapter 13	Documents available for Inspection	Chapter 13	Documents available for inspection
Chapter 14	Application for Shares	Chapter 14	Application for corporate bonds or sukuk

Principal Advisor requirement

The requirement to appoint a principal advisor has been proposed to be made a mandatory requirement under the new regulation. This requirement is included to achieve the following outcomes:

1. **Expertise:** The principal advisor typically has extensive knowledge and experience in regulatory requirements, market practices, and the complexities of financial instruments, ensuring that the prospectus complies with applicable laws.

2. **Quality Assurance:** They can help ensure that the information provided in the prospectus is accurate, complete, and presented in a clear manner, reducing the risk of errors or omissions that could mislead investors.
3. **Regulatory Compliance:** They can serve as a liaison between the Company and regulatory authorities, facilitating the submission process and ensuring that all regulatory obligations are met.
4. **Risk Management:** By guiding the Company through the prospectus preparation process, the principal advisor helps identify and address potential risks associated with the offering.
5. **Credibility:** Having a principal advisor enhances the credibility of the prospectus. Investors may view the involvement of a reputable advisor as a sign of reliability and thoroughness in the information presented.
6. **Investor Protection:** Ultimately, the principal advisor plays a crucial role in protecting investors by ensuring that the prospectus is transparent and informative, helping them make well-informed decisions.

Overall, the engagement of a principal advisor will contribute to the integrity and effectiveness of the prospectus submission process.

Responsibility statements of the Principal Advisors

"[Name of principal adviser], being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the offering." And the following statement:

About future financial information:

"[Name of principal adviser], being the Principal Adviser is satisfied that bases and assumptions relied on in the preparation of the future financial information are reasonable."

Incorporating a prospectus validity period

For equity securities (shares) the prospectus validity is included as 6 months from the date of prospectus and for debt securities (corporate bonds or sukuk) is included as 12 months from the date of the prospectus. This means no securities shall be allotted after the validity period based on the prospectus.

A validity period is determined for several important reasons:

1. **Relevance of Information:** Financial and operational information can change rapidly. A validity period ensures that the prospectus reflects the most current data and conditions, maintaining its relevance for potential investors.
2. **Regulatory Compliance:** Regulatory authorities often require a specified validity period to ensure that companies regularly update their disclosures, fostering transparency and accountability.
3. **Market Conditions:** Market dynamics can shift significantly over time. A validity period allows for adjustments in the prospectus to account for changes in market conditions, risks, and investment opportunities.
4. **Investor Protection:** Limiting the validity period protects investors by ensuring they are not relying on outdated or inaccurate information when making investment decisions.
5. **Encouraging Timely Offerings:** A defined validity period can encourage companies to complete their offerings in a timely manner, helping to streamline the fundraising process.
6. **Facilitating Comparisons:** It allows investors to compare offerings based on the same timeframe, enhancing their ability to make informed decisions.

By establishing a validity period, regulators and companies can better ensure that the information provided to investors is timely, accurate, and useful for decision-making.

Option to issue a base prospectus

The option to issue a base prospectus is included in the new regulation. Base prospectus is a regulatory tool that allows companies to pre-register a range of securities offerings with the regulator. The key components and features of a base prospectus are as follows:

- 1. Purpose:** The base prospectus serves as a foundational document that outlines the Company's general information, financial health, and the types of securities it may offer over a specified period.
- 2. Flexibility:** It enables companies to raise capital by offering various types of securities (such as stocks or bonds) without needing to file a new prospectus for each individual offering. This flexibility allows companies to respond quickly to market opportunities.
- 3. Pre-Registration:** Before any securities can be offered, the base prospectus must be submitted to and approved by the regulator. This approval ensures that the Company complies with relevant disclosure requirements.
- 4. Validity Period:** The base prospectus typically remains valid for a specified period, often ranging from one to three years. During this time, the Company can make multiple offerings under the same prospectus. The base prospectus can be used for 24 months from the date of prospectus.
- 5. Supplementary Documents:** For each specific offering made under the base prospectus, the Company must provide a supplementary prospectus. This document includes details such as pricing, terms, and specific risks associated with that offering, ensuring investors have access to current and relevant information.
- 6. Investor Protection:** By requiring a comprehensive base prospectus, regulators help protect investors by ensuring they have access to essential information about the Company, the securities being offered, risks, and other relevant factors.

7. **Common Use:** Base prospectuses are commonly used by companies that plan to issue securities frequently or by financial institutions that anticipate multiple capital raises over time.

Emphasizing legal right of investors

The new regulation has the requirement to state in the first page of the prospectus an additional statement as follows:

“Investors should note that they may seek recourse under the Maldives Securities Act 2/2006 for breaches of securities laws including any statement in the prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the prospectus or the conduct of any other person in relation to the corporation.”

The objective of this statement in the prospectus is to inform investors of their legal rights and remedies under the law. It serves several purposes:

1. **Transparency:** It highlights the legal framework governing securities laws, ensuring investors are aware of the regulations that protect them.
2. **Liability Awareness:** It informs investors that they can seek recourse if they encounter false, misleading, or incomplete information in the prospectus.
3. **Investor Protection:** By outlining these rights, the statement reinforces the importance of truthful and accurate disclosures, promoting responsible behaviour from corporations.
4. **Encouragement to Investigate:** It encourages investors to carefully review the prospectus and seek clarification on any points of concern, knowing they have legal protections.

Overall, it aims to enhance investor confidence and promote a fairer and more transparent capital market.

Additional statements related to Alternative Markets

The second board of the main market and the Private Securities Segment (Viyana market) are alternative markets with relaxed regulations and hence should include additional statements for the purpose of cautioning the investors of the potential risks. The following statements are proposed to be included in the prospectus:

Second Board

“THE SECOND BOARD IS DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES TRADED ON THE SECOND BOARD. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.”

Private Securities Segment (Viyana Market)

“THE VIYANA MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR PRIVATE COMPANIES THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN BOARD OF THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SECURITIES TRADED ON THE VIYANA MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.”

Private Placement, Private Disclosure & Private Listing

“SECURITIES ISSUED THROUGH THE PRIVATE SECURITIES SEGMENT (VIYANA MARKET) IS ISSUED BY WAY OF PRIVATE PLACEMENT AND HENCE WILL ONLY BE OPEN TO INVESTORS SELECTED BY THE COMPANIES FROM AMONG THE REGISTERED INVESTORS ON THE VIYANA PLATFORM OF THE STOCK EXCHANGE. INVESTORS SHOULD ALSO BE AWARE THAT SECURITIES LISTED ON VIYANA BOARD IS BY WAY OF PRIVATE LISTING HENCE IT WILL NOT BE AVAILABLE FOR TRADING VIA THE MARKET MECHANISM. INVESTORS SHOULD FURTHER BE AWARE THAT THE CONTINUING DISCLOSURES OF VIYANA ISSUERS WILL ALSO BE MADE ONLY TO THE INVESTORS WHO SUBSCRIBED IN THE PRIMARY ISSUANCE”.

Listing Approval

The current process requires the companies to submit a listing application to the Maldives Stock Exchange also at the same time the prospectus is submitted for approval of the CMDA. This process is proposed to be changed as per best practice where the option to submit the listing approval after the issue of the prospectus is also facilitated, but with certain rules must apply. These rules are discussed below:

1. The prospectus should include a statement that the approval for the listing and quotation of the securities on the stock exchange or other similar exchange outside Maldives has been granted; or
2. Where such approval has not been granted, the following statements:
 - (i) That an application has been or will be made for the securities offered to be listed and quoted on the official list of the stock exchange or other similar exchange outside Maldives;
 - (ii) Any allotment made on an application to subscribe for shares under the prospectus would be void if–

- (A) the application to list and quote has not been made within three market days from the date of issue of the prospectus; or
- (B) the permission for the application to list and quote is not granted within six weeks from the date of issue of the prospectus or such longer period as may be specified by the CMDA; and
- (iii) The company will repay without interest all monies received from the applicants if such application was not made or if the exchange refuses to grant permission.

Related Party Transaction

Disclosure of related party transaction is proposed to be included in the new regulation. Below we have provided the definition of such transactions and an overview of the minimum disclosure requirements in relation to those transactions and the rationale for proposing to include it.

1. **Definition:** Related party transactions involve dealings between the company and its related parties, which may include directors, substantial shareholders, or entities controlled by them.
2. **Disclosure Requirements:** Companies must disclose the nature and extent of related party transactions in the prospectus, including:
 - The incorporation of the related parties.
 - The nature of the relationship.
 - The terms and conditions of the transactions.
 - Any financial impact on the company.
3. **Rationale:** This disclosure helps investors understand potential biases and risks associated with transactions that may not reflect market terms.

Conflict of Interest

Disclosure of conflict of interest is proposed to be included in the new regulation. Below we have provided an overview of the disclosure content and the management responsibilities in disclosing the mechanism put in place to address conflict of interest.

1. **Identification of Conflicts:** Companies must disclose any potential conflicts of interest that may arise from relationships involving directors, major shareholders, or management.
2. **Disclosure Content:** The prospectus should include:
 - Details of the nature of the conflicts.
 - Any measures taken to address or mitigate these conflicts.
3. **Management's Responsibilities:** It's essential for management to ensure that decisions are made in the best interest of the company and its shareholders, and that appropriate governance mechanisms are in place.

Purpose: The overarching purpose of these disclosure requirements is to foster transparency, enable informed decision-making by investors, and maintain trust in the capital markets by mitigating the risks associated with potential conflicts and biased transactions.

Financial Information

The financial information chapter in the new regulation provides essential guidance on the presentation and disclosure of financial data within a prospectus. Key elements typically covered in this chapter include:

1. **Financial Statements:** Requirements for including audited financial statements for the past few years, typically including balance sheets, income statements, cash flow statements, and notes.

2. **Interim Financial Information:** Guidelines for disclosing interim financial results if the prospectus is issued after the end of the last financial year.
3. **Pro forma Financial Information:** Instructions for presenting pro forma financial statements if there are significant transactions or events that might affect financial performance.
4. **Key Financial Ratios:** Emphasis on the importance of key financial ratios to help investors assess the company's performance and financial health.
5. **Management Discussion and Analysis:** A section for management to discuss and analyse financial results, trends, and future projections, providing context to the numbers.
6. **Consistency and Comparability:** Requirements for ensuring that financial information is presented consistently over time and is comparable with industry standards.
7. **Auditor's Report:** Guidelines for including the auditor's report to enhance the credibility of the financial statements.

Overall, this chapter aims to ensure that investors have access to comprehensive, accurate, and understandable financial information to make informed investment decisions.

Criteria on financial information

- Where the company is a holding company, the audited financial statements of the company and the group's consolidated financial statements must be included in prospectus.
- At least 2– 5 full financial years audited financial statements must be included in the prospectus. The requirement for providing financial information for 2 to 5 full financial years in a prospectus for a main market listing serves several important purposes:

- **Transparency:** It ensures that investors have access to a comprehensive view of the company's financial performance over an extended period, allowing them to assess its historical stability and growth trends.
- **Informed Decision-Making:** A longer timeframe of financial data enables investors to make more informed decisions by analysing patterns, identifying seasonality, and understanding the company's response to market conditions over time.
- **Risk Assessment:** By reviewing several years of financial information, investors can better evaluate the risks associated with the company, including volatility in earnings, revenue consistency, and capital management.
- **Comparability:** Providing multiple years of data allows investors to compare the company's performance with industry peers, enhancing their ability to gauge competitiveness and market positioning.
- **Regulatory Compliance:** Regulatory bodies require these disclosures to promote market integrity and protect investors, ensuring that companies meet minimum standards of transparency and accountability.
- **Credibility:** Presenting a longer financial history lends credibility to the company, demonstrating its track record and ability to navigate different economic cycles.
- The date of the prospectus issuance must not be later than six months after the end of the most recent financial year. If the date of the prospectus issuance is later than six months after the end of the most recent financial year, interim financial report must be provided, and the interim financial report need not be audited. This means a company cannot issue a prospectus after June of the following year if the financial year ended is 31st December of this year, except that interim financial reports are provided for the period from January of the following year until the most recent practicable date before the date of the prospectus.

- Selected financial information related to Profit Test is proposed to be included in the prospectus if the Issuer is seeking listing on the Main Board of the Main Market via Profit Test Criteria. Similarly, financial information related to Market Capitalization Test is proposed to be included in the prospectus if the Issuer is seeking listing on the Main Board of the Main Market via Market Capitalization Test.
- Selected financial information related to Profit Test is proposed to be included in the prospectus if the Issuer is seeking listing on the Second Board of the Main Market via Profit Test Criteria. Similarly, financial information related to Market Capitalization Test is proposed to be included in the prospectus if the Issuer is seeking listing on the Second Board of the Main Market via Market Capitalization Test.

Management discussion and analysis of the financial information

The Management Discussion and Analysis (MD&A) section required under the financial information disclosure of the new prospectus regulation serves as a critical component for providing investors with insights into the company's financial performance and outlook. Here's a summary of the key elements:

Purpose of MD&A

- **Contextual Analysis:** The MD&A aims to offer a narrative that complements the financial statements, helping investors understand the numbers and the underlying factors affecting performance.
- **Forward-Looking Statements:** It provides management's perspective on future trends, opportunities, and risks, guiding investors on potential future performance.

Key Components

- **Financial Performance Overview:** A summary of financial results, highlighting significant changes in revenue, expenses, and profits compared to previous periods.

- **Operational Insights:** Discussion of operational performance, including production levels, sales trends, and market conditions impacting the business.
- **Factors Affecting Results:** Identification of key factors that have influenced financial results, such as economic conditions, regulatory changes, and competitive landscape.
- **Liquidity and Capital Resources:** Analysis of the company's liquidity position, funding requirements, and sources of capital, including cash flow management.
- **Critical Accounting Estimates:** Disclosure of significant accounting policies and estimates that impact financial reporting, explaining their implications.
- **Risk Factors:** An overview of material risks the company faces, along with strategies to mitigate these risks.

Importance

The MD&A is essential for enhancing transparency and providing investors with a deeper understanding of the company's financial health, operational strategies, and future prospects. This analysis helps investors make more informed decisions regarding their investment in the company.

Rights of securities holders

The new prospectus regulation will require companies to clearly stipulate the right of the shareholders in their constitutional documents and the process to making any changes to it and disclose the same in the prospectus providing reference to its constitutional documents. This is to provide flexibility to the companies to bring changes to the rights of the shareholders by way of general meeting and by way of approval of the shareholders. For bonds or sukuk, the rights to be stipulated in the terms and conditions agreements of the bond and not in the prospectus for the same reason as discussed for equity.

Prospectus registration fees

The main market fees are currently MVR 35,000 and the private securities segment fees are currently MVR 5,000. The private market fees were initially MVR 5,000 as a concession fee at the inception of the framework and is now proposed to be harmonized with the main market fees.

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Annex

Below is the draft of the proposed disclosure requirements intended for inclusion in the prospectus regulation. Please note that this is a preliminary version and **NOT** the final draft of the regulation, covering the disclosures to be incorporated in Divisions 1 and 2. These requirements are subject to modification based on feedback received from stakeholders

DISCLOSURE REQUIREMENTS

DRAFT

DIVISION 1				
EQUITY				
Chapter 1				
INTRODUCTION				
Cover Page				
1.01				The cover page must include the following information and statements:
	(a)			Name of the corporation;
	(b)			Place of incorporation;
	(c)			The date of the prospectus;
	(d)			The following statement:

			<p>“No securities will be allotted or issued based on this prospectus after six months from the date of this prospectus.”</p>
	(e)		<p>The following statement, to appear in bold:</p> <p>“INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE [XX].”</p>
	(f)		<p>The following statement:</p> <p>“This prospectus has been registered by the Capital Market Development Authority. The registration of this prospectus should not be taken to indicate that the Capital Market Development Authority recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed, or report contained in this prospectus. The Capital Market Development Authority has not, in any way, considered the merits of the securities being offered for investment.”</p>
	(g)		<p>The following statement:</p>

			<p>“The Capital Market Development Authority is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this prospectus.”</p>
	(h)		<p>For corporations seeking listing on the Second Board of the Stock Exchange, the following statement is to be included and highlighted in bold and a prominent colour:</p> <p>“THE SECOND BOARD IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED ENTITIES LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE SECOND BOARD. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH ENTITIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION”.</p>

			<p>For a corporation where its shares are not seeking listing on the Stock Exchange, the following statement is to be included and highlighted in bold and a prominent colour:</p> <p>“WE ARE AN ENTIRY WHERE OUR SHARES ARE NOT SEEKING LISTING ON THE STOCK EXCHANGE. OUR OFFERING MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH ENTITIES LISTED ON THE STOCK EXCHANGE. THE SHARES OF AN CORPORATION WHERE ITS SHARES ARE NOT SEEKING LISTINGON THE STOCK EXCHANGE ARE LESS LIQUID AS THE SHARES ARE NOT PUBLICLY TRADED ON THE STOCK EXCHANGE. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN OUR CORPORATION AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION”.</p>
Inside Cover or First Page			
1.02			<p>The inside cover or first page must include the following statements:</p>
Responsibility Statements			
	(a)		<p>“The directors and promoters of the corporation[and/or the offeror, (where appropriate)] have seen and approved this prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of</p>

			their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the prospectus false or misleading.”
	(b)		“[Name of principal adviser], being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the offering.”
	(c)		Where future financial information is provided: “The directors and promoters of the corporation[and/or the offeror, (where appropriate)] confirm that the bases and assumptions relied on in the preparation of the future financial information are reasonable.” “[Name of principal adviser], being the Principal Adviser is satisfied that bases and assumptions relied on in the preparation of the future financial information are reasonable.”
Statements of disclaimer			
	(d)		Where applicable:

			<p>“The valuation utilised for the purpose of the prospectus should not be construed as an endorsement by [the Capital Market Development Authority, or Maldives Stock Exchange (where appropriate)], on the value of the subject assets.”</p>
	(e)		<p>“Admission to the Official List of Maldives Stock Exchange is not to be taken as an indication of the merits of the offering, corporation, or its shares.”</p>
Other statements			
	(f)		<p>“Investors should note that they may seek recourse under the Maldives Securities Act 2/2006 for breaches of securities laws including any statement in the prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the prospectus or the conduct of any other person in relation to the corporation.”</p>
	(g)		<p>“Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out the Maldives Securities Act 2/2006, is responsible.”</p>

	(h)		<p>For a corporation whose shares have been classified as Shariah compliant, the following statement must be stated:</p> <p>“The shares of this corporation are classified as Shariah compliant by the Capital Market Shariah Advisory Council of the Capital Market Development Authority. This classification remains valid from the date of issue of the prospectus until the next Shariah compliance review undertaken by the Capital Market Shariah Advisory Council of the Capital Market Development Authority.”</p>
1.03			<p>In the case where the shares are proposed to be listed and quoted on a Stock Exchange or other similar exchange outside Maldives, the prospectus must contain the following statements:</p>
	(a)		<p>A statement that the approval for the listing and quotation of the shares on the Maldives Stock Exchange or other similar exchange outside Maldives has been granted; or</p>
	(b)		<p>Where such approval has not been granted, the following statements:</p>

		(i)		That an application has been or will be made for the shares offered to be listed and quoted on the official list of the Maldives Stock Exchange or other similar exchange outside Maldives;
		(ii)		Any allotment made on an application to subscribe for shares under the prospectus would be void if–
			(A)	the application to list and quote has not been made within three market days from the date of issue of the prospectus; or
			(B)	the permission for the application to list and quote is not granted within six weeks from the date of issue of the prospectus or such longer period as may be specified by the Capital Market Development Authority; and
		(iii)		The corporation will repay without interest all monies received from the applicants if such application was not made or if the exchange refuses to grant permission.
Indicative Timetable				
1.04				Disclose the timetable, including the following critical dates, where applicable:

	(a)		Opening and closing dates of the offering;
	(b)		Date for share applications;
	(c)		Date for allotment of shares; and
	(d)		Listing date.
1.05			The method of informing the public for any change to the timetable must be disclosed.
Corporate Directory			
1.06			The directory must contain the following details, where applicable:
	(a)		Name, designation, nationality and address of each director, including whether the director is independent or non-independent;
	(b)		Name, address, and professional qualification, including any membership in a professional body, of the company secretary;

	(c)		Address, telephone number, email and website addresses of the corporation's registered office, head or management office;
	(d)		Names and addresses of the following parties, where applicable:
		(i)	Principal adviser;
		(ii)	Legal adviser connected to the prospectus;
		(iii)	Issuing house;
		(iv)	Share registrar;
		(v)	Underwriter;
		(vi)	Placement agent;
		(vii)	Shariah adviser; and
		(viii)	Any other person connected to the prospectus.

	(e)			Name, address and professional qualification, including any membership in a professional body, of the corporation's auditors;
	(f)			Name, address and qualification of an expert whose prepared reports or excerpts or summaries are included or referred to in the prospectus. If the expert is an corporation or a firm, to disclose the name of the individuals responsible for preparing the reports, excerpts or summaries; and
	(g)			Name of the Stock Exchange where the shares are already listed, or the listing is sought in relation to the prospectus.
1.07				For purposes of paragraph 1.06 (d) (viii), where the corporation has appointed a person to provide financial advice in relation to the prospectus, the salient terms of engagement and scope of work of such person must be disclosed in the prospectus.
Approvals and Conditions				
1.08				Disclose all approvals and conditions imposed by relevant authorities in relation to the offering and the status of compliance on such conditions.

1.09				For any specific relief obtained from compliance with relevant securities laws, guidelines and other regulatory requirements, to disclose the details of the relief granted.
1.10				Details of any moratorium on shares, such as–
	(a)			the name of the shareholder;
	(b)			the authority or any other party which imposed the moratorium;
	(c)			the number of shares under moratorium; and
	(d)			the terms of the moratorium including commencement and expiry of the moratorium.
Guidance to paragraph 1.04 – Changes to the indicative timetable				
			1.	Any material change to the timetable after the registration of the prospectus is considered as a significant change affecting a matter disclosed in the prospectus.
Chapter 2				
PROSPECTUS SUMMARY				

2.10			The Prospectus Summary must provide a concise overview of the corporation and highlights of significant matters disclosed elsewhere in the prospectus. The Prospectus Summary must not exceed 10 pages and must be placed at the beginning of the prospectus.
2.02			The Prospectus Summary must–
	(a)		give a fair and balanced view of the nature, material benefits and material risks of the shares offered; and
	(b)		be consistent with the disclosures in other parts of the prospectus.
2.03			At the top of the Prospectus Summary, the following warning statement must be disclosed in bold: “This Prospectus Summary only highlights the key information from other parts of this prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole prospectus prior to deciding on whether to invest in our shares.”
Principal details of the offering			

2.04				Disclose details of shares being offered to different groups of investors including:
	(a)			number of shares;
	(b)			offer price; and
	(c)			moratorium imposed on the shares, if any.
Business model				
2.05				Describe the key features of the corporation's business model including:
	(a)			Nature of the operations and principal activities;
	(b)			Principal markets in which the corporation operates; and
	(c)			Place of incorporation.
Competitive position and business strategies				
2.06				Briefly describe the corporation's competitive position and business strategies.
Risk factors				

2.07				Disclose risk factors that would have a material adverse effect on the corporation's business operations, financial position and results, and shareholders' investments in the corporation.
Directors and key senior management				
2.08				List out the name and designation of each director and member of key senior management.
Promoters and substantial shareholders				
2.09				Disclose the following details of the promoters and substantial shareholders:
	(a)			Name;
	(b)			Nationality or country of incorporation; and
	(c)			Number and percentage of shares held in the corporation, before and immediately after the offering. Where the shares are held indirectly in the corporation, disclose the ultimate beneficial owner.
Use of proceeds				

2.10				Disclose the estimated gross proceeds from the offer segregated into each principal intended use and the time frame for such utilisation.
Financial and operational information				
2.11				Disclose the financial and operational highlights of the corporation. The highlights must be disclosed for each financial year for the period covered by the historical financial information as disclosed in the prospectus.
Dividend policy				
2.12				Disclose the corporation's dividend policy or, if it does not have a fixed policy, to state so.
Guidance to Chapter 2 - Prospectus Summary				
			1.	The Prospectus Summary should include appropriate cross-references to the specific sections of the prospectus which set out the full details on the respective matters.
Chapter 3				
DETAILS OF OFFERING				
3.01				Details of the shares being offered must be disclosed, including the following:

	(a)		The number of shares proposed to be offered to different groups of investors;
	(b)		If, in conjunction with the offering, shares of the same or another class are sold or subscribed privately, the nature of such sales or subscriptions and the number and characteristics of the offering concerned, including details of any underwriting or undertaking arrangements; and
	(c)		If there are other securities offered in conjunction with the offering, details of such securities must be disclosed.
3.02			Where the shares are offered by way of rights or allotted to the existing shareholders of the holding company, the following must be disclosed:
	(a)		The manner of allocating the shares;
	(b)		The last date of acceptance and payment in relation to the offering;
	(c)		How fractions arising from the allocation are treated;
	(d)		Whether the offer is renounceable or non-renounceable; and

	(e)			Whether approval from the shareholders of the holding company has been obtained.
3.03				Details about the pricing of shares, including–
	(a)			the price offered to each class of investors and where applicable, the minimum and maximum offer price; and
	(b)			the basis for determining the offer price.
History of market prices				
3.04				If the shares are already listed on a Stock Exchange outside Maldives, information on the price history of the shares must be disclosed as follows, where applicable:
	(a)			For the three most recent full financial years: the annual highest and lowest market prices;
	(b)			For the two most recent full financial years and any subsequent period: the highest and lowest market prices for each full financial quarter;

	(c)		For the most recent six months preceding the date of the prospectus: the highest and lowest market prices for each month; and
	(d)		For pre-emptive rights to subscribe for or purchase shares, to disclose:
		(i)	the highest and lowest market price for the first trading day in the most recent six months preceding the date of the prospectus; and
		(ii)	the closing market price on the last trading day before the announcement of the offer and, if different, on the latest practicable date prior to the issuance of the prospectus;
			Information must be given with respect to the market price in the host market and the principal trading market outside the host market, where applicable.
3.05			The corporation must disclose any significant trading suspension that occurred in the three years preceding the latest practicable date. If the shares are not regularly traded in an organised market, information must be given about any lack of liquidity.

Plan of distribution			
3.06			Where a corporation intends to allocate shares to eligible directors, employees or other persons under a preferential allocation scheme, the corporation must disclose the following:
	(a)		A brief description of the criteria of allocation as approved by the board of directors;
	(b)		The total number of persons eligible for the allocation; and
	(c)		Where the directors of the corporation are eligible for the allocation scheme, the number of shares to be allocated to each director.
3.07			Disclose any price stabilisation mechanism that may be employed.
3.08			If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain markets, provide information about the tranche and details of any other allocation arrangement.

3.09				Outline the plan of distribution of shares that are to be offered other than through underwriters, if any. Indicate the amount of such shares to be offered including the nature of such sales or subscriptions.
3.10				To the extent known to the corporation, disclose if–
	(a)			any substantial shareholder, director or member of key senior management intend to subscribe in the offering; or
	(b)			any person intends to subscribe for more than 5% of the offering.
3.11				For any offering where there are excess shares to be allocated, the corporation must state that the allocation of the excess shares will be made on a fair and equitable manner.
Selling shareholders				
3.12				Where applicable, disclose the following information on the selling shareholders:
	(a)			The name and address of the person or corporation offering to sell the shares, the nature of any position, office or other material relationship that the selling

			shareholder has had within the past three years with the corporation or any of its predecessors;
	(b)		The number and class of shares being offered by each of the selling shareholders, and the percentage of the existing and the enlarged share capital; and
	(c)		The number and percentage of the shares for each particular type of shares beneficially held by the selling shareholder as at the latest practicable date and immediately after the offering.
Dilution			
3.13			The following information must be provided:
	(a)		Where there is a substantial disparity between the public offering price and the effective cash cost to—
		(i)	directors;
		(ii)	key senior management;
		(iii)	substantial shareholders; or
		(iv)	persons connected,

			of shares acquired by them in transactions during the past three years, or which they have the right to acquire, disclose a comparison between the public contribution of the offering and the effective cash contribution of such persons;
	(b)		Disclose the number and percentage of immediate dilution resulting from the offering, computed as the difference between the offering price per share and the net asset value per share, as at the latest audited financial year end or period, as the case may be.
			The net asset value per share must be adjusted for the effects of the offer and any disposal or acquisition which occurred between the latest audited financial year end or period, as the case may be, and the date of the prospectus;
	(c)		Where the information on dilution has been prepared using certain assumptions and after making certain adjustments on a pro forma basis, state such fact; and
	(d)		In the case of an offering to existing shareholders, disclose the number and percentage of immediate dilution if they do not subscribe to the new offering.

Use of proceeds				
3.14				Where applicable, the following information must be disclosed:
	(a)			The minimum level of subscription in order to satisfy the objectives of the offering and the basis for determining the minimum level, where the offer is not fully underwritten on a firm commitment basis;
	(b)			The estimated gross proceeds from the offering categorised into each principal intended use and the timeframe for full utilisation of such proceeds. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purposes must be given, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed purposes;
	(c)			If the corporation has no specific plans for the proceeds, it must discuss the principal reasons for the offering;
	(d)			If the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost;

	(e)		If the proceeds may or will be used to finance acquisitions of other businesses, give a brief description of such businesses and information on the status of the acquisitions;
	(f)		If any material part of the proceeds is to be used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such indebtedness. For indebtedness incurred within the last 12 months, how the proceeds of such indebtedness were used;
	(g)		An analysis of the following:
		(i)	Expenses incurred in connection with the issuance and distribution of the shares being offered that are payable by, or on behalf of, the corporation;
		(ii)	If any of the shares are to be offered by the selling shareholder, expenses to be paid by, or on behalf of, such selling shareholder; and
		(iii)	Expenses specifically charged to the subscriber or purchaser of the shares being offered.

				The information may be given subject to future contingencies. If the amounts of any items are not known, estimates must be identified and disclosed as such; and
	(h)			Brokerage arrangements and commissions, including underwriting and placement fees.
3.15				The prospectus must contain details of any underwriting agreements entered into by the corporation, including–
	(a)			the level of underwriting arrangement, together with the justifications for such arrangement;
	(b)			name of the underwriter together with the number of shares underwritten by each underwriter;
	(c)			amount of underwriting commissions; and
	(d)			summary of the salient terms which may allow the underwriters to withdraw from their obligations under the agreement after the commencement of the offering.
3.16				If the offering is not underwritten, a statement of this fact and the justifications must be provided.
Guidance on paragraph 3.14 (a) – Minimum level of subscription				

			1.	Details on the basis for determining the minimum level of subscription should include factors such as complying with the public shareholding spread requirements and the level of funding required by the corporation.
Guidance on paragraph 3.14 (b) – Utilisation of proceeds				
			1.	If the corporation intends to use the proceeds for general working capital, it should clearly explain the specific items of the corporation's general working capital and how the proceeds would be used for each item.
Chapter 4				
INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL				
Promoters and substantial shareholders				
4.01				Disclose details on the corporation's promoters, direct and indirect substantial shareholders, including:
	(a)			Name;
	(b)			Principal activity and other background information;
	(c)			Nationality or country of incorporation;

	(d)		Number and percentage of shares held in the corporation, before and immediately after the offering. Where the shares are held indirectly in the corporation, disclose the ultimate beneficial owner;
	(e)		Any significant change in the direct or indirect shareholding during the past three years;
	(f)		If the substantial shareholder or promoter has different voting rights from the other shareholders of the corporation, or an appropriate negative statement;
	(g)		To the extent known to the corporation, provide a description of the persons, who, directly or indirectly, jointly or severally, exercise control over the corporation. Such description must include the nature of such control including number and proportion of shares held; and
	(h)		Describe any arrangement of which may, at a subsequent date, result in a change in control of the corporation.
4.02			Disclose details of amounts or benefits paid or intended to be paid or given to any promoter or substantial shareholder within the two years preceding the date of the prospectus.

Directors, key senior management and key technical personnel				
4.03				The following information must be disclosed with respect to the corporation's directors, key senior management and key technical personnel:
	(a)			Name, age, educational and professional qualification as well as past business, management or technical experience;
	(b)			Functions and areas of experience or responsibility in the corporation;
	(c)			Principal business activities performed outside the corporation. This includes other principal directorships at present and in the last five years. Disclose if such involvement affects their contribution to the corporation or an appropriate negative statement;
	(d)			Representation of corporate shareholders, where applicable; and
	(e)			The nature of any association or family relationship between the substantial shareholders, promoters, directors, key senior management and key technical personnel.

4.04				Disclose details on board practices, as follows:
	(a)			Date of expiration of the current term of office, where applicable, and the period for which each director has served in that office; and
	(b)			The board committees established including the names of the committee members and a summary of the terms of reference of each committee.
4.05				If there are any existing or proposed service contracts between the corporation and its directors, key senior management or key technical personnel, which provide for benefits upon termination of employment, salient details must be disclosed.
4.06				Provide the direct and indirect shareholding of each director, member of key senior management and key technical personnel in terms of number and percentage of shares held in the corporation as at the latest practicable date and immediately after the offer.
Remuneration of Directors and Key Senior Management				
4.07				For the last financial year, disclose the remuneration and material benefits in-kind of each director and member of

			key senior management, for services in all capacities to the corporation, including—
	(a)		payment made in relation to a bonus or profit-sharing plan and provide a brief description of such plan and the basis upon which such persons participated in the plan; or
	(b)		the number of shares exercised from share options, the exercise price and the purchase price, if any.
			This must include contingent or deferred remuneration. Where a portion of the remuneration was paid in the form of share options, to disclose the remaining share options to be exercised, the period during which the options are exercisable and the expiration date of the options.
4.08			For the current financial year, disclose the amount of remuneration and material benefits in-kind paid and to be paid to each director and member of key senior management, for services in all capacities to the corporation, including—
	(a)		payment made in relation to a bonus or profit-sharing plan and to provide a brief description of the plan and the basis upon which such persons participated in the plan; or

	(b)			the number of shares exercised from the share option, the exercise price and the purchase price, if any.
				For (a), the amount that has not been paid may be excluded from the remuneration disclosed. However, to state such exclusion.
4.09				For paragraphs 4.07 and 4.08 above, remuneration and material benefit in-kind must be disclosed–
	(a)			on a named basis and the actual amount for each component of the director's remuneration and material benefits in-kind; and
	(b)			in bands of MVR50,000 for each member of key senior management.
Management reporting structure				
4.10				Disclose the management reporting structure of the corporation.
Declaration by each promoter, director, member of key senior management and key technical personnel				

4.11			Disclose the involvement of each promoter, director, member of key senior management, or key technical personnel in the following, whether in or outside Maldives:
	(a)		In the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;
	(b)		Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
	(c)		In the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding. If convicted, the date must be calculated from the date of conviction or if sentenced to imprisonment, from the date of release from prison;
	(d)		In the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part,

				involving a breach of any law or regulatory requirement that relates to the capital market;
	(e)			In the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
	(f)			Such person was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
	(g)			In the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
	(h)			Any unsatisfied judgment against such person.

Chapter 5

INFORMATION ON THE CORPORATION

Background

5.01				Details on the background of the corporation must be disclosed, including:
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(a)			The legal and commercial name of the corporation;
(b)			Date and place of incorporation together with the registration number of the corporation.
(c)			The important events in the history and development of the group and its business;
(d)			If the corporation is part of a group, disclose the group's organisation structure together with notes describing the structure;
(e)			The information on each of the corporation's material subsidiaries, joint ventures and associated companies including:
	(i)		Name;
	(ii)		Date and place of incorporation together with the registration number;
	(iii)		Principal place of business;
	(iv)		Principal activities; and

		(v)		Proportion of ownership interest and, if different, proportion of voting power held by the corporation;
	(f)			Amount and description of the group's material investments and material divestitures, including geographical location–
		(i)		for each financial year for the period covered by the historical financial information as disclosed in the prospectus up to the latest practicable date;
		(ii)		in progress, and the method of financing (internal or external); and
		(iii)		which the corporation has already made firm commitments.
	(g)			Any take-over offers, by a third party for the corporation's shares or by the corporation for other corporation's shares, which have occurred from the beginning of the last financial year to the latest practicable date. Details of the take-over offer must include the price or exchange terms of the offer and its outcome.
Business Overview				

5.02			Details on the group's business must be disclosed, including:
	(a)		Nature of the operations and principal activities, stating the main categories of the products sold or services performed;
	(b)		Principal markets in which the group operates, including an analysis of total revenue by category of activity and geographic market;
	(c)		Significant products or services introduced and, to the extent the development of new products or services has been publicly disclosed, give their status of development;
	(d)		If a statement on the group's competitive position is disclosed, the basis for such statement;
	(e)		The seasonality of the business;
	(f)		Sources and availability of raw materials or input, including volatility of prices for principal raw materials, if applicable;
	(g)		The marketing activities including distribution channels;

	(h)		Where the group's business or profitability is materially dependent on the following items, a summary of information regarding the extent of the group's dependency on such items:
		(i)	Contracts including commercial or financial contracts;
		(ii)	Intellectual property rights including patents and copyrights;
		(iii)	Licenses and permits; or
		(iv)	Production or business processes.
			Such information must include the salient terms, approvals and conditions attached, and status of compliance, where applicable;
	(i)		Research and development policies. Where it is significant, include the amount spent on research and development activities, as a percentage of the net revenue for the period covered by the historical financial information as disclosed in the prospectus; and
	(j)		Any relevant laws, regulations, rules or requirements governing the conduct of the group's business and

			environmental issue which may materially affect the group's business or operations. Where there has been a non-compliance incident of the aforesaid, the following information must be disclosed:
		(i)	Nature and extent of the non-compliance;
		(ii)	Rectification measures taken or to be taken including estimated time and cost;
		(iii)	Penalties imposed or potential maximum penalty which may be imposed;
		(iv)	Degree of impact or potential impact to the group's business operations or financial performance; and
		(v)	Measures to be undertaken by the corporation to provide updates on the status of the non-compliance incident to its shareholders, where applicable.
5.03			Provide an overview of the corporation's business strategies, including the time frame to realise these strategies.
Material Contracts			

5.04				Disclose all material contracts, not being contracts in the ordinary course of business, entered into within the period covered by the historical financial information as disclosed in the prospectus up to the date of the prospectus. The following particulars must be disclosed for each contract:
	(a)			Date;
	(b)			Parties to the contract;
	(c)			Subject matter of the contract; and
	(d)			The consideration and the manner it are to be satisfied.
Property, Plant and Equipment				
5.05				The corporation must provide information regarding material properties, including—
	(a)			location, size, and use of the property;
	(b)			status of the property, whether it is freehold, leasehold or rental; and
	(c)			major encumbrances.

5.06				The corporation must disclose the productive capacity and extent of utilisation of the material plant and equipment for the current financial year.
5.08				On material plans to construct, expand or improve property, plant and equipment, describe–
	(a)			the nature and reason for the plan;
	(b)			an estimate of the amount of expenditures including the amount already paid;
	(c)			the method of financing the activity;
	(d)			the estimated dates of start and completion of the activity; and
	(e)			the increase of production capacity anticipated after completion.
Employees				
5.09				Provide information regarding employees, including–

	(a)			the number of employees at the end of period or average number of employees for the most recent financial year. If possible, to categorise the employees according to activity and geographical location;
	(b)			if the corporation employs a significant number of contractual employees, the average number of contractual employees in the most recent financial year; and
	(c)			if employees are members of any union, the name of the union. Disclose if there has been any industrial dispute in the past.
Major Customers				
5.10				Describe the top five major customers for each financial year for the period covered by the historical financial information as disclosed in the prospectus. Such details must include—
	(a)			length of relationship with the corporation;
	(b)			contribution to the corporation's revenue in terms of amount and percentage; and

	(c)			whether or not the corporation is dependent on the major customer for business.
				Where the corporation has no major customer, to state the fact and describe the customer base.
Major Suppliers				
5.11				Describe the top five major suppliers for each financial year for the period covered by the historical financial information as disclosed in the prospectus. Such details must include–
	(a)			Length of relationship with the corporation;
	(b)			contribution to the corporation's total purchases in terms of amount and percentage; and
	(c)			whether or not the corporation is dependent on the major supplier.
				Where the corporation has no major supplier, to state the fact and describe the supplier base.
Exchange Controls				

5.12				Describe any governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to the corporation. Also, explain how these would impact on the availability of cash and cash equivalents for use by the corporation and the remittance of dividends, interest or other payments to shareholders of the corporation.
Guidance to Chapter 5 – Information on Corporation				
			1.	Reference to “group” in this chapter means the group of entities, where the corporation is a holding corporation.
Guidance to paragraph 5.01(c) – Important events				
			2.	Examples of such important events would include submission of previous material corporate proposals to the relevant authorities by the corporation.
Guidance to paragraph 5.01(d) – Organisational structure				
			3.	A description of the group’s organisation structure should include the identities of the shareholders of each non-wholly owned subsidiary, joint venture and associated company.
Guidance to paragraph 5.02 – Business overview				

			4.	Where it is relevant to understand how the corporation generates revenue through its business model, a description of the following information may be included:
				(a) Operating or trading mechanisms, including flow-charts of production or businesses processes, which are critical for the corporation's business; and
				(b) Technology used or to be used.
			5.	Where the basis for such statement relates to the corporation's competitive position in the industry, a discussion on the industry may be provided to assist investors in making an informed investment decision. Such discussion should be guided by the following:
				(a) The discussion should be specific to the corporation's business and industry, and only to the extent it affects the corporation's business model and the investor's investment decision. To enable investors to focus on pertinent matters relating to the industry, the discussion should be concise and generally be no more than 10 pages;

				(b) Information on the industry should be presented in a fair and balanced manner;
				(c) The discussion should include the following:
				(i) Description of the industry, industry players and competition; and
				(ii) The corporation's estimated market coverage, position and share, together with details on the bases. Where applicable, the source of information such as reports or supporting data to establish the reliability of the bases should also be disclosed; and
				(d) Only the most up-to-date market information should be disclosed. As an example, the period covered by the historical market information should be consistent with the corporation's historical financial information as disclosed in the prospectus. If this information is not available, this fact should be stated.
Guidance to paragraph 5.03 – Business strategies				

			6.	The discussion should contain the following:
				(a) Expansion plans to be adopted such as:
				(i) site selection, expected capacity, time frame for implementation, proposed capital expenditure and source of funding;
				(ii)
				(iii) strengthening sales network, vertical or horizontal expansion, entering into long-term contracts; and
				(b) Whether the corporation has identified any acquisition target (if not, an appropriate negative statement) and details of the selection criteria.
Guidance to paragraphs 5.10 and 5.11 – Major customers and major suppliers				
			7.	Disclosure of the name of major customer or major supplier is encouraged. Where the name of the major customer or major supplier is not disclosed, the following information should be provided:
				(a) Principal activity and principal market in which the customer or supplier operates;

				(b) Information on the holding or parent company where the customer or supplier is a subsidiary, including if the holding or parent company is listed on the stock exchange or other similar exchange outside Maldives; and
				(c) Reason for the non-disclosure.
			8.	In the event there is fewer than five major customers or suppliers, this fact should be stated.
Chapter 6				
RISK FACTORS				
6.01				Describe risk factors that would have a material adverse effect on the corporation's business operations, financial position and results, and shareholders' investments in the corporation.
Guidance to paragraph 6.01 – Risk factors				
			1.	Risk factors that relate to each other should be grouped together. Appropriate and meaningful headings and sub-headings should be adopted. For example, headings may include risks relating to the corporation, its business, its industry and its offering.

			2.	Risk factors should be listed in such manner whereby the risks that would have the highest impact should be prominently disclosed at the beginning of each section.
			3.	<p>The purpose of risk factors is to provide meaningful cautionary statement to investors. Hence, any disclaimer statement should not be so wide so as to prevent risk factors from having this effect. For example, the use of the following statement should be avoided:</p> <p>“The risks and investment considerations set out below are not an exhaustive or exclusive list of the challenges that we currently faced or that may develop in future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our shares”.</p>
			4.	Risk factors should not be disclosed in a vague and generic manner. It should be specific and tailored to the corporation’s risks or uncertainties. This means that the disclosure should not merely disclose the facts or circumstances that give rise to the existence of the risk. Each risk factor should be described to place the risk in context so that investors can understand the nature of, or circumstances giving rise to, the risk or uncertainty as it affects the corporation, its operations and shares, or the offering. For example,

				<p>(a) when disclosing the corporation's business overview, it would not be appropriate to provide a general statement that "the corporation is dependent on a major customer". An adequate risk disclosure would be to state the revenue contribution by the major customer as this would clearly illustrate the corporation's dependency on such major customer. In addition, the description on the major customer should include the name of the major customer and its relationship with the corporation, level of sales and how the loss of such major customer would have a material adverse effect on the corporation;</p>
				<p>(b) if the corporation is dependent on a major supplier, it would not be appropriate to provide a general statement that "the corporation is dependent on a major supplier" without details of the name of the major supplier, level of purchases, length of relationship with the corporation and how the loss of such major supplier would have a material adverse effect on the corporation; or</p>

				(c) the corporation is dependent on licences or permits, it would not be appropriate to have a risk factor on possible non-renewal of such licences or permits unless there is a genuine and specific reason for such a risk.
			5.	There should be no mitigating facts that could cause confusion on the nature of the risk or its materiality.
Chapter 7				
RELATED PARTY TRANSACTIONS				
7.01				The following information must be disclosed for the period covered by the historical financial information as disclosed in the prospectus:
	(a)			The nature and extent of each related party transaction which is material to the corporation;
	(b)			The nature and extent of each related party transaction that is unusual in nature or condition;
	(c)			Details on loans made by the corporation to or for the benefit of a related party that is material to the corporation, including:

		(i)	amount owing as at the latest practicable date;
		(ii)	amount classified as short term and long term;
		(iii)	in the case of foreign currency-denominated loans, the amount owing for such loans with the corresponding foreign currency amount; and
		(iv)	purpose and terms of each loan; and
	(d)		Details of financial assistance provided for the benefit of a related party.
7.02			Disclose the nature and extent of related party transactions that individually may not be material to the corporation, but when grouped in a meaningful manner, the aggregate of such transactions would be material to the corporation. Details of such transactions must be disclosed on an aggregate basis.
7.03			Disclose the nature and extent of any related party transaction which is material to the corporation that has been—

	(a)			effected after the period covered by the historical financial information as disclosed in the prospectus; or
	(b)			entered into but not yet effected,
				up to the date of the prospectus.
7.04				For each transaction disclosed pursuant to paragraphs 7.01, 7.02 and 7.03 above, to state:
	(a)			Whether the transaction has been carried out on an arm's length basis; or
	(b)			Where a transaction had not been carried out on an arm's length basis, the procedure undertaken to ensure that these transactions will be carried out on an arm's length basis in the future.
Guidance to paragraphs 7.01, 7.02 and 7.03 – Related party transactions				
			1.	A disclosure on the "nature" of a related party transaction includes:
				(a) Relationship between the corporation and the related party;

				(b) Type of transaction such as supply of goods or services, rental and sales;
				(c) Where the transaction is for an agreed period of time, the expiry date of such arrangement; and
				(d) Where the expiry date of such arrangement occurs after the listing date, the salient terms of the arrangement including pricing, terms of renewal, termination or withdrawal rights and penalty clauses.
			2.	A disclosure on the “extent” of a related party transaction includes:
				(a) The amount of the transaction; and
				(b) The percentage to which the transaction forms part of revenue, cost of sales, net assets or liabilities or profit after tax of the corporation, as relevant.
Chapter 8				
CONFLICT OF INTEREST				

8.01			Where a director or substantial shareholder has a direct or indirect interest in any corporation which is–
	(a)		carrying on a similar trade as the corporation; or
	(b)		a customer or supplier of the corporation;
			the following must be disclosed:
		(i)	Name of that corporation;
		(ii)	Principal activity of that corporation;
		(iii)	Name of the director or substantial shareholder involved;
		(iv)	Nature and extent of his interest in that corporation and the extent to which he is involved in the management of that corporation either directly or indirectly; and
		(v)	Steps taken to resolve, eliminate or mitigate the conflict of interest.
8.02			If there are factors to demonstrate that the substantial shareholder is not in a conflict-of-interest situation, to explain such factors.

8.03				Where an expert is named in the prospectus, include the declaration of the expert who has existing or potential–
	(a)			interest in the corporation; or
	(b)			conflict of interest vis-à-vis the corporation.
				The declaration must include a full description of the situation set out in (a) or (b) above, as well as the steps taken to address it. If there is no such situation, to state an appropriate negative statement.
Guidance to paragraph 8.02 – Conflict of interest				
			1.	Examples of factors where the Capital Market Development Authority would generally not consider there to be a conflict-of-interest situation in relation to a substantial shareholder are as follows:
				(a) The substantial shareholder’s policy or objective is only for investment purposes and its role or action is limited to formulating corporate or business strategies for its portfolio of investee companies which do not create a conflict with the corporation’s business or operations. In addition,

				the substantial shareholder does not participate in the day-to- day management or operations of its investee companies; or
				(b) Where the substantial shareholder’s business may potentially compete with the corporation, there is a clear delineation of business, such as differences in target customer segments, geographical presence, products or services sold or separate management teams.
Chapter 9				
FINANCIAL INFORMATION				
General				
9.01				For the purposes of this chapter, unless the context otherwise requires, the corporation includes a group of entities where the corporation is a holding corporation.
9.02				This chapter sets out the minimum financial information that a corporation must include in a prospectus.
Financial information				
9.03				The audited financial statements provided in the prospectus must be prepared in accordance with the approved accounting standards.

9.04				The corporation must disclose selected financial information from the audited financial statements provided in the prospectus, where–
	(a)			in the case of corporation where its shares are seeking listing on the Main Market under the profit test, at least for 2 – 5 full financial years;
	(b)			in the case of corporation where its shares are seeking listing on the Main Market under the market capitalisation test, the two most recent financial years or such shorter period that the corporation has been in existence; or
	(c)			in the case of corporation where its shares are seeking listing on the second board, the most recent financial years or such shorter period that the corporation has been in existence.
9.05				The date of the prospectus issuance must not be later than six months after the end of the most recent financial year. If the date of the prospectus issuance is later than six months after the end of the most recent financial year,

			interim financial report must be provided, and the selected financial information must be disclosed.
9.06			If any annual financial statements to be provided under paragraph 9.03 relate to a period other than 12 months due to a change in the financial year end of the corporation, the annual financial statements in respect of that financial year and the financial years preceding that financial year shall be provided on a restated 12- month basis, so that the financial year end for each of the restated financial statements corresponds to the financial year end for the most recent financial year.
9.07			The selected financial information required to be disclosed must–
	(a)		be prepared in the same currency as the currency used in the audited financial statements of the corporation; and
	(b)		include at a minimum, the following:
		(i)	Revenue;
		(ii)	Gross profit and gross profit margin;

		(iii)	Other income;
		(iv)	Depreciation and amortisation;
		(v)	Finance costs;
		(vi)	Share of profits and losses of associates and joint ventures;
		(vii)	Profit or loss before tax and profit margin;
		(viii)	Tax expense;
		(ix)	Profit or loss attributable to minority interest and equity holders of the parent;
		(x)	Basic and diluted earnings per share;
		(xi)	Total non-current assets and total non-current liabilities;
		(xii)	Total current assets and total current liabilities;
		(xiii)	Total assets and total liabilities;
		(xiv)	Net assets or net liabilities;

		(xv)	Issued capital and reserves; and
		(xvi)	Non-controlling interest.
			Where interim financial information is disclosed in the prospectus, comparative information in relation to subparagraphs (i) to (xvi) for the corresponding period in the most recent financial year must be included.
9.08			Where the audited financial statements are prepared in a currency other than Maldivian Rufiyaa, the prospectus should disclose—
	(a)		the exchange rate between the foreign currency and MVR at the latest practicable date;
	(b)		the highest and lowest exchange rates for each month during the last six months; and
	(c)		for at least the three most recent financial years or such shorter period that the corporation has been in existence, and any subsequent interim period for which audited financial statements have been included, the average exchange rates for each period, calculated by using the

				average of the exchange rates on the last day of each month during the period.
Capitalisation and indebtedness				
9.09				Provide a statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as of a date no earlier than 60 days prior to the date of the prospectus, showing the corporation's capitalisation and, where applicable, as adjusted to reflect the new securities being offered and the intended application of the proceeds. Indebtedness also includes indirect and contingent liabilities.
Management's discussion and analysis of financial condition and results of operations				
9.10				To provide the management's discussion and analysis of the corporation's financial condition, changes in the financial condition, and results of operations for each year and interim period for where the financial information is provided in the prospectus.
				The discussion should include, among others:
	(a)			material changes from year to year in relation to the selected financial information;

	(b)			the nature and conditions of the business, its risk factors and business operations, and the prevailing economic situation; and
	(c)			accounting policies which are peculiar to the corporation because of the nature of the business or the industry it is involved in.
9.11				Results of operations
	(a)			Provide information regarding any significant factor, including unusual or infrequent events or new developments, which materially affected profits and to indicate the extent the profits were affected. Describe any other significant component of revenue or expenditure necessary to understand the corporation's results of operations;
	(b)			Where the financial statements disclose material changes in revenues, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or amount of products or services being sold or to the introduction of new products or services between corresponding periods;

	(c)		If material, the impact of fluctuations of foreign exchange rates or interest rates on the corporation, and the extent to which foreign currency exposure and investments are hedged by currency borrowings or other hedging instruments;
	(d)		If material, the impact of inflation on the corporation. Where the currency in which financial statements are presented is of a country which has experienced hyperinflation (rapid inflation), the existence of such inflation, a 5-year history of the annual rate of inflation, and a discussion of the impact of hyperinflation on the corporation's business should be disclosed; and
	(e)		Provide information on any government, economic, fiscal or monetary policies or factors which have materially affected or could materially affect the corporation's operations.
9.12			Liquidity and capital resources
	(a)		Provide the following information regarding liquidity (both short and long term):
		(i)	Description of the material sources of liquidity, whether internal or external, and a brief discussion of any material

			<p>unused sources of liquidity, including a statement by the directors as to whether, in their opinion, the working capital available to the corporation will be sufficient for a period of 12 months from the date of issue of prospectus. If not, how the additional working capital which is deemed to be necessary will be obtained;</p>
		(ii)	<p>An evaluation of the material sources and amounts of cash flows from operating, investing and financing activities for each financial year and/or the interim financial period, where applicable. This includes the nature and extent of any legal, financial, or economic restriction on the ability of subsidiaries to transfer funds to the corporation in the form of cash dividends, loans or advances, and the impact such restrictions have or are expected to have on the ability of the corporation to meet its cash obligations;</p>
		(iii)	<p>The level of borrowings as at the end of the financial period under review, the seasonality of borrowing requirements, the maturity profile of borrowings and committed borrowing facilities, with a description of any restrictions on their use. Foreign borrowings to be separately identified with the corresponding foreign</p>

			<p>currencies amount. Gearing ratios for the period under review must also be disclosed; and</p>
		(iv)	<p>If the corporation or any other corporation in the group is in breach of terms and conditions or covenants associated with credit arrangement or bank loan which can materially affect the corporation's financial position and results or business operations, or the investments by holders of securities in the corporation, provide–</p> <ul style="list-style-type: none"> • a statement of that fact;
			<ul style="list-style-type: none"> • details of the credit arrangement or bank loan; and
			<ul style="list-style-type: none"> • any action taken or to be taken by the corporation or other corporation in the group, as the case may be, to rectify the situation including status of any restructuring negotiations or agreement, if applicable;
	(b)		<p>Provide a statement whether there has been any default on payments of either interest and/or principal sums for any borrowing throughout the most recent financial year and the interim financial period (where applicable) as at the latest practicable date;</p>

(c)			Provide information regarding the type of financial instruments used the maturity profile of debt, currency and interest rate structure. To provide a discussion on funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, the currencies in which cash and cash equivalents are held, the extent to which borrowings are at fixed rates, and the use of any financial instrument for hedging purposes, where applicable;
(d)			Provide information on any material commitment for capital expenditures as at the latest practicable date and indicate the general purpose of such commitments and the anticipated source of funds needed to fulfil such commitments; and
(e)			Provide information on any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the corporation's financial position or profitability, in the 12 months immediately preceding the date of prospectus. In relation to governmental proceedings, this includes

			proceedings which are pending decision or known to be contemplated.
9.13			Trend information
	(a)		Provide a discussion on the following items:
		(i)	Any material effect on the corporation's revenue, income from continuing operations, profitability, and liquidity or capital resources. The discussion should include, among others, any known trends, uncertainties, demands, commitments or events. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect;
		(ii)	Known factors which are likely to have a material effect on the financial condition and results of operations of the corporation or that would cause the financial statements to not be necessarily indicative of future financial performance; and
		(iii)	The state of the order book since the most recent financial year or period. If such information is not relevant to the business of the corporation, provide an appropriate statement to that effect and the reason for this.
Dividends			

9.14			Describe the corporation's dividend policy or, if it does not have a fixed policy, to state so.
	(a)		Disclose the amount of dividends paid or declared for each financial year and interim period for where the financial information is provided in the prospectus.
	(b)		Where dividends are paid or declared subsequent to the most recent financial year or interim financial period, where applicable, but prior to listing, to disclose the following:
		(i)	the amount of dividends paid or declared;
		(ii)	source of funds for the payment of such dividends;
		(iii)	timing of payment for dividends declared but not paid; and
		(iv)	whether such dividends would affect the execution and implementation of the corporation's future plans or strategies moving forward.
9.15			Describe any dividend restriction or an appropriate negative statement.

Taxation				
9.16				The corporation must disclose–
	(a)			information regarding taxes, including withholding provisions, that may be applicable to shareholders; and
	(b)			whether it assumes any responsibility for the withholding of tax at the source.
Significant changes				
9.17				Disclose whether or not there is any significant change that has occurred, which may have a material effect on the financial position and results of the corporation since the date of the most recent annual financial statements and, where applicable, since the date of the interim financial statements. If there are no changes, to provide an appropriate negative statement.
Pro forma financial information				
9.18	(a)			A pro forma statement of financial position must be prepared based on the most recent audited financial year and adjusted for the following:

		(i)	Any restructuring, acquisition or disposal connected with the proposed public offering exercise; and
		(ii)	Proceeds of the proposed public offering exercise, the effects of the public offering exercise on the shareholders' funds and proposed utilisation of the funds.
	(b)		However, where interim audited financial information is provided, the pro forma statement as required under sub-paragraph (a) above, must be prepared based on the most recent audited financial period.
9.19	(a)		A corporation must prepare a pro forma statement of comprehensive income and cash flows, including pro forma earnings per share, where the corporation had acquired or disposed a material corporation or business, or entered into any agreement to acquire or dispose any material corporation or business during the period from the beginning of the most recent completed financial year to the latest practicable date.
	(b)		The pro forma statements required under sub-paragraph (a) above must be prepared–
		(i)	for the most recent completed financial year; and

		(ii)		where any interim financial statements have been provided, for the period covered by the interim financial statements,
				as if the acquisition or disposal had occurred or the agreement in relation to an acquisition or disposal had been entered into, at the beginning of the most recent completed financial year.
9.20	(a)			A corporation must prepare a pro forma statement of financial position where the corporation had–
		(i)		acquired or disposed a material corporation or business;
		(ii)		entered into any agreement to acquire or dispose a material corporation or business; or
		(iii)		experienced a significant change to its capital structure, including any material distribution,
				during the period from the beginning of the most recent completed financial year to the latest practicable date.

	(b)		However, the pro forma statement as required under sub-paragraph (a) must be prepared–
		(i)	as at the end of the most recent financial year as if the event in sub- paragraphs (a) (i), (ii) or (iii) had occurred at the end of that financial year; or
			where any interim financial report has been provided, as at the end of the period covered by the interim financial report, as if the event in sub- paragraphs (a)(i), (ii) or (iii) had occurred at the end of the period.
9.21			For the purpose of paragraphs 9.19 and 9.20, the materiality of an acquisition or disposal of any corporation or business should be determined by comparing–
		(i)	the aggregated net assets or liabilities; and
		(iii)	the aggregated profits or losses before tax,
			of such corporation or business with that of the corporation(after adjustments for the effects of the group restructuring, where applicable). Where the percentage of either (i) or (ii) is 10% or more, such acquisition or disposal would be deemed material.

9.22				The pro forma financial information prepared must state–
	(a)			the basis upon which the pro forma financial information is compiled;
	(b)			that the financial statements used in compilation of the pro forma financial information were prepared in accordance with the approved accounting standards. Details of the auditor's qualification to these underlying financial statements should also be disclosed if any;
	(c)			whether the pro forma financial information has been compiled in a manner consistent with the format of the financial statements and the accounting policies of the corporation; and
	(d)			any material adjustments made and whether such adjustments are appropriate for the purposes of preparing the pro forma financial information.
9.23				The pro forma financial information must be accompanied by the reporting accountants' letter as required in Chapter 10.

Future financial information				
9.24				Where future financial information is included in a prospectus, such information must be prepared on reasonable bases and assumptions.
9.25				Where future financial information is provided in the prospectus such information must–
	(a)			be clear, unambiguous and disclose whether such information is prepared on the bases and accounting policies consistent with those adopted by the corporation; and
	(b)			be presented in accordance with the approved accounting standards adopted by the corporation.
9.26				Disclose details on the bases and assumptions of the future financial information and any additional information that investors would reasonably require, for the purpose of making an informed investment decision.
9.27				Where future financial information is disclosed, to state the extent to which projected revenues are based on secured contracts or orders, and the reasons for expecting such projected revenues, and profit or cash flow (as the

				case may be). A discussion on the impact of any likely changes in business and operating conditions included in the future financial information must also be stated.
9.28				The reporting accountants must review and report on the underlying accounting policies and assumptions relied on in the preparation of the future financial information.
Information on all the corporation's current, pending or threatened material litigation				
...				Information on all the corporation's current, pending or threatened material litigation or arbitration proceedings and contingent liabilities, including assessment and disclosure of specific impact on financial performance and position upon becoming enforceable.
Guidance to Chapter 9				
				As a general rule, the financial information provided should reflect a comprehensive picture of the corporation's entire business undertaking to enable investors to make an informed investment decision. Examples are also given in the Guidance for illustration and are not exhaustive.
				Advisers are also encouraged to consult the Capital Market Development Authority at an early stage if they require clarification, for example where the corporation:

				<ul style="list-style-type: none"> had a significant acquisition during the track record period and it may be appropriate to provide the financial information of the acquired business or corporation prior to the date of the acquisition by the corporation.
				<ul style="list-style-type: none"> proposes to include future financial information in the prospectus.
Guidance to paragraph 9.03 – Audited financial statements				
			1.	Where the audited financial statements of the corporation and its subsidiaries are not prepared in accordance with the approved accounting standards and have been audited for purpose of the accountants' report, such statement should be disclosed.
Guidance to paragraph 9.11 – Results of operations				
			2.	The corporation should provide segmental analysis of revenue and profit or loss from operations, including by products or services and by markets or geographical location.
			3.	The corporation should provide and discuss relevant key financial ratios, including receivables and payables

				(incorporating ageing analysis) and inventory turnover, and current ratio for at least three financial years or such shorter period that the corporation has been in existence, and the interim financial period, where applicable.
Guidance to paragraph 9.12 – Liquidity and capital resources				
			4.	The corporation should identify those income, cash flow or financial position items that should be considered in assessing liquidity, unless it is clear from the discussion.
Guidance to paragraph 9.13 – Trend information				
			5.	The discussion on any material effect on the corporation's financial performance and position i.e. revenue, profitability, liquidity or capital resources should also address, among others, the prospects of the industry in which the corporation is operating in and the future plans and strategies of the corporation.
Guidance to paragraph 9.24 – Future financial information				
			6.	In preparing the future financial information, the bases and assumptions used to support such information should–
				(a) draw the investors' attention to those uncertain factors which can materially affect the ultimate

				achievement of such future financial results, and where possible to quantify such factors;
				(b) be specific rather than vague, avoid generalisations and all- embracing assumptions and those relating to the general accuracy of the assumptions made in the future financial information;
				(c) be clearly stated and reviewed for reasonableness by the directors who are responsible for the future financial information and bases and assumptions; and
				(d) enable the investors to assess–
				(i) the validity of the assumptions on which the future financial information is based;
				(ii) the likelihood of the assumptions actually occurring;
				(iii) the effect on the future financial information if the assumptions vary;

				(iv) whether the future financial information is relevant and reliable, i.e. to enable investors to form their own view about how reasonable the grounds are for making the statement; and
				(v) the facts and circumstances that support future financial information, as well as being able to demonstrate that the information is reasonable;
			7.	In addition to item 5 above, the corporation and principal adviser should be satisfied that, the bases and assumptions relied on in the preparation of the future financial information, are reasonable. What amounts to reasonable bases and assumptions should be judged by the facts and circumstances of each case. However, in general, the future financial information should assist the investors in making an informed investment decision.
			8.	In deciding whether the bases and assumptions are reasonable, the corporation and principal adviser should have regard to the following indicative factors:

				(a) the information relates to agreements where future expenses and revenue of the corporation can be reasonably assured for the period of that agreement;
				(b) the information is underpinned by independent industry experts' reports or independent accountants' reports where such experts believe that the future financial information and its bases and assumptions are reasonable; and
				(c) the information includes reasonable short-term estimates relating to an existing business and based on events that the management of the corporation reasonably expects to take place or actions that the management of the corporation reasonably expects to occur.
				The above factors are not necessarily conclusive. Most importantly, in certain circumstances, these factors alone may not be sufficient to establish reasonable bases and assumptions. Hence, in preparing future financial information, the corporation and principal adviser are required to consider other factors that may indicate

				whether or not the bases and assumptions used are reasonable.
			9.	Certain factors may indicate that the future financial information has not been prepared on reasonable bases and assumptions. Such factors include where:
				(a) the future financial information is supported only by hypothetical assumptions, and without demonstrating other factors that may support the inclusion of the future financial information;
				(b) the corporation has made a statement asserting that the bases and assumptions relied on are reasonable, without coming up with verifiable reasons to support such a statement; and
				(c) the corporation has made a statement along the lines of 'this is the best estimate of the directors. The bases and assumptions relied on by the corporation in preparing the future financial information has to be objectively reasonable, taking into account among others, the list of factors set out under this Guidance and not made

				on the basis of genuine but unreasonable beliefs of the directors of the corporation.
				The above factors are non-exhaustive. The corporation and principal adviser are strongly encouraged to consult the Capital Market Development Authority at an early stage should they face any difficulty in determining whether the bases and assumptions to be relied on are reasonable.
Chapter 10				
REPORTS BY THE AUDITORS				
10.01				For the purposes of this chapter, unless the context otherwise requires, the corporation includes a group of entities where the corporation is a holding corporation.
Auditors' Report				
10.02				A prospectus must contain an accountants' report prepared by a reporting accountant in respect of the audited financial statements and audited interim financial report of the corporation for each of the financial years and period under review.
10.03				The auditors' report must include—

	(a)			the financial statements and, where applicable, the interim financial report, as prepared by the corporation and has been audited;
	(b)			an audit opinion expressed by the reporting auditors on the financial statements and, where applicable, the interim financial report;
	(c)			a statement that it was prepared in accordance with the relevant standards on auditing approved for application in Maldives; and
	(d)			a statement that it was prepared for inclusion in the prospectus.
Content				
10.04				The auditors' report must report on the audited financial statements of the corporation referred to in a prospectus for at least two most recent financial years or such shorter period that the corporation has been in operation and, where applicable, the interim financial period. The date of the interim financial period must not be more than six months from the issuance of the prospectus.
Pro forma financial information				

10.06				In respect of the pro forma financial information prepared, the reporting auditor must state in its letter–
	(a)			whether the pro forma financial information has been properly compiled on the basis stated in paragraph 9.22 (a); and
	(b)			that the engagement was performed in accordance with the relevant standards on assurance engagements approved for application in Maldives.
10.07				In respect of paragraphs 9.19 and 9.20, where the corporation had acquired or entered into an agreement to acquire a material corporation or business and pro forma financial information is prepared, the auditors who audited the financial statements of the corporation or business acquired or to be acquired must be disclosed.
Future financial information				
10.08				In respect of paragraph 9.28, the report should state–
	(a)			that the engagement was performed in accordance with the relevant standards on assurance engagements approved for application in Maldives;

	(b)			whether the reporting accountant is of the opinion that the future financial information is properly prepared based on the assumptions made by the directors and is presented in a manner consistent with both the format of the financial statements and the accounting policies of the corporation; and
	(c)			that nothing has come to the reporting accountant's attention which gives him any reason to believe that the assumptions do not provide a reasonable basis for the preparation of future financial information.
Chapter 11				
EXPERT'S REPORT				
11.01				Where a statement or report attributed to a person as an expert is included in the prospectus, disclose such person's professional experience.
11.02				Where an expert's report is included in the prospectus, such report must be signed and dated.
11.03				Where valuations of property assets have been carried out for inclusion in a prospectus, a summary of the valuation in the form of a valuation certificate that complies with the Asset Valuation Guidelines must be included in the prospectus.

11.04				An expert must not make wide disclaimers of responsibility in its report.
Guidance to paragraph 11.02 – Expert’s report				
			1.	The expert’s report should be signed and dated within a reasonable time, which generally should not be earlier than the latest practicable date.
Chapter 12				
ADDITIONAL INFORMATION				
12.01				Disclose a summary of the provisions of the corporation’s constituent document, if any, relating to–
	(a)			remuneration, voting and borrowing powers of directors;
	(b)			changes to share capital;
	(c)			transfer of securities; and
	(d)			rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights.
12.02				If the corporation does not have a constituent document, to disclose the key provisions of the relevant laws that

			apply to the corporation in relation to the items under paragraph 12.01 above.
12.03			Describe any limitation on the right to own shares, including limitations on non-resident or foreign shareholders' right to hold or exercise voting rights imposed by law or by the corporation's constituent document. If there are no such limitations, to state the fact.
12.04			With respect to paragraphs 12.01, 12.02 and 12.03 above, if the law applicable to the relevant corporation is significantly different from that in Maldives, explain the effect of the law in these areas.
Share capital			
12.05			Disclose the share capital, and changes during the period for the historical financial information as disclosed in the prospectus, including:
	(a)		the date of allotment;
	(b)		number of shares allotted;

	(c)		consideration given, together with information regarding any discount, special term or instalment payment term or a negative statement thereof;
	(d)		cumulative share capital; and
	(e)		details of outstanding warrants, options, convertible securities and uncalled capital,
			in respect of the corporation, and if the corporation is a holding company of a group, of each of the corporation's material subsidiaries and associated companies.
12.06			If more than 10% of share capital has been paid for with assets other than cash within the past three years from the latest practicable date, details must be provided.
12.07			For any capital of the corporation, which is under option, or agreed conditionally or unconditionally to be put under option, indicate–
	(a)		the identity of the grantees;
	(b)		description and number of shares to which the option relates;

	(c)			the period during which the option is exercisable including the expiry date of the option, or an appropriate negative statement;
	(d)			the exercise price; and
	(e)			the purchase price of the option or consideration to be given for the option.
12.08				For the purpose of paragraph 12.07, where options have been granted or agreed to be granted to–
	(a)			all shareholders of the corporation;
	(b)			all holders of debt securities of the corporation; or
	(c)			directors and employees under a share option scheme,
				it will be sufficient to state such fact without providing identity of the grantees.
Chapter 13				
DOCUMENTS AVAILABLE FOR INSPECTION				

13.01			Provide a statement that a copy of each of the following documents may be inspected for a period of at least six months from the date of issue of the prospectus at the registered office of the corporation in Maldives, or if the registered office is not in Maldives, at a place in Maldives to be specified by the corporation:
	(a)		The constituent document of the corporation; and
	(b)		Each document referred to in the prospectus which includes the following:
		(i)	Each material contract, and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
		(ii)	Existing or proposed service contracts between the corporation and its directors, key senior management or key technical personnel, which provide for benefits upon termination of employment;
		(iii)	All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary of the expert's report is included in the prospectus, the

			corresponding full expert's report must be made available for inspection.
		(iv)	Each consent given by parties as disclosed in the prospectus;
		(v)	The audited financial statements of the corporation and all its subsidiaries for at least the three most recent financial years or such shorter period that the corporation has been in existence, preceding the date of the prospectus; and
		(vi)	The audited interim financial report of the corporation, where applicable.
Chapter 14			
APPLICATION FOR SHARES			
14.01			Disclose the procedures for application of shares.
14.02			Describe the manner in which–
	(a)		the results of the allocation of shares will be made public; and
	(b)		any excess application monies will be refunded to the applicants.

14.03				Disclose a statement to indicate where investors may find details on the authorised depository agents.
14.04				The contents of the application form must not be contrary to any information that is in the prospectus.
DIVISION 2				
CORPORATE BONDS AND SUKUK				
Chapter 1				
General				
1.01				This division shall apply to a prospectus prepared in relation to the offer of corporate bonds or sukuk.
1.02				If the issuer is a special purpose vehicle (SPV), the requirements on an issuer stated in this division shall also apply, where applicable, to the obligor.
1.03				The information to be disclosed in the prospectus must be up to date not more than six weeks prior to the issue of the prospectus, except for, where applicable, the requirements as set out in Chapter 10 Reports by the Auditors' of Division1.

1.04			Issuer and any other relevant persons responsible for preparing the prospectus must strictly observe any significant change or new matter arising that will affect the content of the prospectus and to update it via a supplementary prospectus or replacement prospectus as necessary.
1.05			Subject to paragraph 1.06, a prospectus is valid for a period of 12 months from the date of registration of the prospectus.
1.06			In the case of a debt or sukuk programme, a prospectus may be issued:
	(a)		in a single document, which is valid for a period of 12 months from the date of registration of the prospectus; or
	(b)		by way of a base prospectus supported by pricing supplement, which is valid for a period of 24 months from the date of registration of the prospectus.
1.07			A base prospectus and its supporting pricing supplement must both comply with these guidelines. The base prospectus must contain information relating to the issuer and the pricing supplement must contain information

			concerning the specific issue of each tranche under the debt or sukuk programme. The base prospectus and pricing supplement must each contain a statement that it should be read in conjunction with the other.
1.08			A base prospectus may only be issued where the terms and conditions for every issuance under a debt or sukuk programme remain unchanged except in relation to the following terms and condition:
	(a)		Issue size;
	(b)		Price/yield to maturity;
	(c)		Tenure;
	(d)		Coupon/profit/rental rate and payment period;
	(e)		Listing status of the corporate bonds or sukuk;
	(f)		Selling restrictions;
	(g)		Rating;
	(h)		Lead manager; and

	(i)			Shariah adviser.
Chapter 2				
COVER PAGE				
2.01				The cover page must contain the following information and statements:
	(a)			Particulars about the issuer, including full name, registration number, place of incorporation and statute under which it was incorporated;
	(b)			The date of the prospectus;
	(c)			Salient features of the corporate bonds or sukuk offered, including type, tenure, nominal amount, coupon/profit/rental, offer price, and the Shariah principles applied;
	(d)			Whether the corporate bonds or sukuk will be listed on the stock exchange;
	(e)			The name of the principal adviser, lead arranger and underwriter;

(f)		<p>The following statements to appear in bold:</p> <p>“INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE [] FOR “RISK FACTORS”;</p>
(g)		<p>For corporate bonds or sukuk that are non-transferable and non-tradable, the following statement is to be included and highlighted in bold:</p> <p>INVESTORS ARE ADVISED TO NOTE THAT THIS CORPORATE BOND OR SUKUK IS NON-TRANSFERABLE AND NON-TRADABLE.</p>
(h)		<p>For corporate bonds or sukuk issued in the Private Securities Segment (Viyana Market), the following statement is to be included and highlighted in bold:</p> <p>“THE PRIVATE SECURITIES SEGMENT OR VIYANA MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR PRIVATE COMPANIES THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN BOARD OF THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE CORPORATE BONDS OR SUKUK TRADED</p>

			<p>ON THE VIYANA MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.”</p>
			<p>For corporate bonds or sukuk that are offered by way of private placement, the following statement is to be included and highlighted in bold:</p> <p>“CORPORATE BONDS OR SUKUK ISSUED THROUGH THE PRIVATE SECURITIES SEGMENT (VIYANA MARKET) IS ISSUED BY WAY OF PRIVATE PLACEMENT AND HENCE WILL ONLY BE OPEN TO INVESTORS SELECTED BY THE ISSUER FROM AMONG THE REGISTERED INVESTORS ON THE VIYANA PLATFORM OF THE STOCK EXCHANGE. INVESTORS SHOULD ALSO BE AWARE THAT SECURITIES LISTED ON VIYANA BOARD IS BY WAY OF PRIVATE LISTING HENCE IT WILL NOT BE AVAILABLE FOR TRADING VIA THE SECONDARY MARKET MECHANISM. INVESTORS SHOULD FURTHER BE AWARE THAT THE CONTINUING DISCLOSURES OF VIYANA ISSUERS WILL ALSO BE MADE ONLY TO THE INVESTORS WHO SUBSCRIBED IN THE PRIMARY ISSUANCE”.</p>
2.02			<p>In relation to the offer of corporate bonds or sukuk under a debt or sukuk programme where a base prospectus is</p>

				issued, the information and statement under paragraphs 2.01(c), (d) and (g) need not be included in the base prospectus but must be incorporated in the pricing supplement.
Chapter 3				
INSIDE COVER/FIRST PAGE				
3.01				The prospectus must contain the following statements on the inside cover or at the very least, on page 1:
Responsibility statements				
	(a)			“The directors of the issuer have seen and approved this prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the prospectus false or misleading.”;
	(b)			“[Name of principal adviser/lead arranger], being the Principal Adviser/Lead Arranger, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full

			and true disclosure of all material facts concerning the offering.”;
	(c)		Where future financial information is provided:
			<p>“The directors of the issuer confirm that the bases and assumptions relied on in the preparation of the future financial information are reasonable.”</p> <p>“[Name of principal adviser/lead arranger], being the Principal Adviser/Lead Arranger, is satisfied that bases and assumptions relied on in the preparation of the future financial information are reasonable.”;</p>
Statements of disclaimer			
	(a)		<p>“This prospectus has been registered with the Capital Market Development Authority. The approval, and registration of this prospectus, should not be taken to indicate that the Capital Market Development Authority recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed, or report contained in this prospectus. The Capital Market Development Authority has not, in any way, considered the merits of the corporate bonds or sukuk being offered for investment.”;</p>

(b)			<p>“The Capital Market Development Authority is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this prospectus.”;</p>
(c)			<p>Where applicable: “The valuation utilised for the purpose of the prospectus should not be construed as an endorsement by the Capital Market Development Authority or the Stock Exchange (where appropriate) on the value of the subject assets.”;</p>
(d)			<p>Where the corporate bonds or sukuk offered are to be listed and quoted on Stock Exchange:</p> <p>“Admission to the Official List of Stock Exchange is not to be taken as an indication of the merits of the offering, issuer, or its corporate bonds or sukuk.”;</p>
Additional statements			
(a)			<p>“Investors should note that they may seek recourse under the Maldives Securities Act 2/2006 for breaches of securities laws, including any statement in the prospectus</p>

			that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the prospectus or the conduct of any other person in relation to the corporation.”;
	(b)		“Corporate bonds or sukuk are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out under the Maldives Securities Act 2/2006, is responsible.”; and
	(c)		A statement that no corporate bonds or sukuk will be issued on the basis of–
		(i)	a prospectus, later than 12 months after the date of issue of the prospectus; or
		(ii)	a base prospectus, later than 24 months after the date of issue of the base prospectus.
3.02			In addition to the statements required under paragraph 3.01 above, where the corporate bonds or sukuk are proposed to be listed and quoted on a stock exchange, the prospectus must contain the following statements:

	(a)			A statement that the approval for the listing and quotation of the corporate bonds or sukuk on the stock exchange has been granted; or
	(b)			Where such approval has not been granted, the following statements:
		(i)		that an application has been or will be made for the corporate bonds or sukuk offered to be listed and quoted on the official list of a stock exchange;
		(ii)		any allotment made on an application to subscribe for corporate bonds or sukuk under the prospectus would be void if–
			A.	the application to list and quote has not been made within three market days from the date of issue of the prospectus; or
			B.	the permission for the application to list and quote is not granted within six weeks from the date of issue of the prospectus (or such longer period as may be specified by the Capital Market Development Authority); and

		(iii)		the issuer will repay without interest all monies received from the applicants if such application was not made or if the stock exchange refuses to grant permission.
Chapter 4				
TIMETABLE AND CORPORATE DIRECTORY				
Indicative timetable				
4.01				Disclose the timetable, including the following critical dates:
	(a)			Opening and closing dates of the offering; and
	(b)			Dates of any special event, for example, date for applications, allotment and listing.
4.02				Disclose whether the directors reserve the right to extend the closing date of the offering.
4.03				Disclose the method of informing the public if the closing date is extended.
Corporate directory				
4.04				The directory must contain the following details:

	(a)		Addresses and telephone numbers of the Issuer's registered office, head/management office and the e-mail and website addresses;
	(b)		Name, address and membership number of the company secretary;
	(c)		Names, addresses and telephone numbers of the following parties, where applicable:
		(i)	Principal adviser;
		(ii)	Lead arranger;
		(iii)	Facility agent;
		(iv)	Paying agent;
		(v)	Solicitors;
		(vi)	Credit rating agency;
		(vii)	Bond/sukuk trustee;
		(vii)	Guarantor;

		(ix)		Underwriter;
		(x)		Shariah adviser;
		(xi)		Any other expert whose prepared reports or excerpts or summaries are included or referred to in the prospectus; and
		(xii)		Any other person connected to the offer.
Chapter..				
PROSPECTUS SUMMARY				
5.01				The Prospectus Summary must provide a concise overview of the corporation and highlights of significant matters disclosed elsewhere in the prospectus. The Prospectus Summary must not exceed 10 pages and must be placed at the beginning of the prospectus.
5.02				The Prospectus Summary must–
	(a)			give a fair and balanced view of the nature, material benefits and material risks of the corporate bonds or sukuk offered; and

	(b)			be consistent with the disclosures in other parts of the prospectus.
5.03				At the top of the Prospectus Summary, the following warning statement must be disclosed in bold: “This Prospectus Summary only highlights the key information from other parts of this prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole prospectus prior to deciding on whether to invest in our corporate bonds or sukuk.”
Principal details of the offering				
5.04				Disclose details of corporate bonds or sukuk being offered to different groups of investors including:
	(a)			number of corporate bonds or sukuk; and
	(b)			offer price.
Business model				
				Describe the key features of the issuer’s business model including:
	(a)			Nature of the operations and principal activities;

	(b)			Principal markets in which the corporation operates; and
	(c)			Place of incorporation.
Competitive position and business strategies				
				Briefly describe the corporation's competitive position and business strategies.
Risk factors				
				Disclose risk factors that would have a material adverse effect on the corporation's business operations, financial position and results, and bond or sukuk holders' investments in the corporation.
Directors and key senior management				
				List out the name and designation of each director and member of key senior management.
Promoters and substantial shareholders				
				Disclose the following details of the promoters and substantial shareholders:
	(a)			Name;
	(b)			Nationality or country of incorporation; and

	(c)			Number and percentage of shares held in the corporation, before and immediately after the offering. Where the shares are held indirectly in the corporation, disclose the ultimate beneficial owner.
Use of proceeds				
				Disclose the estimated gross proceeds from the offer segregated into each principal intended use and the time frame for such utilisation.
Financial and operational information				
				Disclose the financial and operational highlights of the corporation. The highlights must be disclosed for each financial year for the period covered by the historical financial information as disclosed in the prospectus.
Dividend policy				
				Disclose the corporation's dividend policy or, if it does not have a fixed policy, to state so.
Guidance to Chapter 2 - Prospectus Summary				
			1.	The Prospectus Summary should include appropriate cross-references to the specific sections of the prospectus which set out the full details on the respective matters.

CHAPTER 5			
INFORMATION ON THE CORPORATE BONDS OR SUKUK			
5.01			The prospectus must include the Principal Terms and Conditions of the corporate bonds or sukuk.
5.02			The prospectus must also include a summary of the credit rating report relevant to the corporate bonds or sukuk, published by a credit rating agency.
5.03			In addition, the prospectus must disclose information on the relevant tax provisions, including whether the issuer will be responsible for the withholding of tax on any payments made on the corporate bonds or sukuk.
5.04			The prospectus must disclose a reasonably itemised statement of the major categories of expenses incurred in connection with the issuance or offering of the corporate bonds or sukuk. If the amounts of any items are not known, estimated expenses (identified as such) must be given. The prospectus must also disclose if parties other than the issuer are paying the expenses.
5.05			If the corporate bonds or sukuk are convertible/exchangeable into shares that are listed on a stock exchange or are issued with warrants, whether or

			not detachable, the following detailed information, where applicable, must be made available:
	(a)		Mode of conversion/exchange;
	(b)		Conversion/exchange period;
	(c)		Conversion/exchange ratio;
	(d)		Conversion/exchange price;
	(e)		Number of warrants;
	(f)		Price of warrants;
	(g)		Rights attached to warrants;
	(h)		Warrant exercise period;
	(i)		Warrant exercise price;
	(j)		The effects of the issuance and the conversion on, inter alia, the earnings per share and net tangible assets/net assets per share of the company;

	(k)		Details of the proposed utilisation of proceeds from the issuance and conversion;
	(l)		Detailed description on the adjustment of the conversion price in light of any changes to the issuer's share capital and to provide illustrations for each possible circumstance; and
	(m)		Any other relevant information which a potential investor will require on the issuance of the convertible/exchangeable corporate bonds or sukuk.
5.06			In relation to paragraph 5.05 above, where the underlying shares are already listed on a stock exchange, the following information relating to the shares must also be disclosed:
	(a)		Information on the highest and lowest market prices for the three most recent full financial years and monthly for the most recent six months;
	(b)		If there is any significant trading suspensions occurred in any of the preceding three years; and

	(c)			Where the underlying shares are not regularly traded on a stock exchange, information must be given about any lack of liquidity.
				Chapter 6
				RISK FACTORS
6.01				The prospectus must contain information about risk factors which are specific to the issuer/group and its industry, and the corporate bonds or sukuk being offered, including the extent of credit risks.
6.02				Disclaimers on the risk factors should not undermine the risk disclosures which will render the risk disclosures of little or no beneficial use to investors.
				Chapter 7
				INFORMATION ABOUT ISSUER/SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/KEY MANAGEMENT PERSONNEL/GUARANTOR
#				If the corporation's shares are not listed on the Stock Exchange, corporation's information shall be disclosed as prescribed in chapter 5 of division 1 of this regulation.

#				If the issuer's shares are listed on the Stock Exchange, the issuer's information shall be disclosed as prescribed in this chapter of the regulation.
7.01				The following information must be provided in the prospectus:
	(a)			Information about the background and business activities of the issuer, its significant subsidiaries and associated corporations, and an overview of the industry in which they operate;
	(b)			A list of subsidiary and associated corporations, the percentage interest held and a diagrammatic illustration of the group;
	(c)			If the corporation's shares are not listed on the Stock Exchange, the information on promoters and substantial shareholder shall be disclosed in the manner prescribed in chapter 4 of the division 1 of this regulation. If the issuer's shares are listed on the Stock Exchange, information on the issuer's substantial shareholders shall be disclosed in the following manner:
		(i)		Name and background information;

		(ii)	Nationality or country of incorporation; and
		(iii)	Direct and indirect shareholding in the issuer, and to state the ultimate beneficial ownership of shares held under nominee or corporation or trustee arrangements.
	(d)		If the corporation's shares are not listed on the Stock Exchange, the information on corporation's directors shall be disclosed in the manner prescribed in chapter 4 of the division 1 of this regulation. If the issuer's shares are listed on the Stock Exchange, information on the issuer's directors and chief executive shall be disclosed in the following manner:
		(i)	Name, age, address, profession, qualification and profile, including business and management experience;
		(ii)	Designation or functions, including executive or non-executive and independent/non-independent;
		(iii)	Representation of corporate shareholders, where applicable;
		(iv)	Direct and indirect shareholding in the issuer;

		(v)	Other principal directorships at present and in the last three years; and
		(vi)	Involvement in the issuer's Audit Committee as chairman or member.
(e)			Information on the issuer's key management and key technical personnel:
		(i)	Name, age and qualification and profile, including business, management or technical experience;
		(ii)	Designation or functions; and
		(iii)	Direct and indirect shareholding in the issuer.
(f)			Information on all the issuer's current, pending or threatened material litigation or arbitration proceedings and contingent liabilities, including assessment and disclosure of specific impact on financial performance and position upon becoming enforceable; and
(g)			Where a guarantor is other than a financial institution, information on the guarantor:

		(i)	Business overview;
		(ii)	Financial information as set out under paragraph 8.02 below for the past three financial years and where applicable, the latest financial period;
		(iii)	Capitalisation and indebtedness statement as set out under paragraph 8.03; and
		(iv)	Main features and terms of guarantees provided on the corporate bonds or sukuk offered.
...			If the corporation's shares are not listed on the Stock Exchange, disclose details on board practices, as follows:
	(a)		Date of expiration of the current term of office, where applicable, and the period for which each director has served in that office; and
	(b)		The board committees established including the names of the committee members and a summary of the terms of reference of each committee.
..			If the corporation's shares are not listed on the Stock Exchange, disclose if there are any existing or proposed

				service contracts between the corporation and its directors, key senior management or key technical personnel, which provide for benefits upon termination of employment, salient details must be disclosed.
Remuneration of Directors and Key Senior Management				
..				If the corporation's shares are not listed on the Stock Exchange, information on the remuneration of directors and key management shall be disclosed in the manner prescribed in chapter 4 of division 1 of this regulation.
Management reporting structure				
...				If the corporation's shares are not listed on the Stock Exchange, disclose the management reporting structure of the corporation.
Declaration by each promoter, director, member of key senior management and key technical personnel				
....				If the corporation's shares are not listed on the Stock Exchange, declaration by each promoter, director, member of key senior management and key technical personnel must be provided in the manner prescribed in chapter 4 of division of this regulation.
Chapter 8				
FINANCIAL INFORMATION				

#			If the corporation's shares are not listed on the Stock Exchange, the financial information of the corporation shall be disclosed in the manner prescribed in Chapter 5 of Division 1 of this regulation.
#			If the issuer's shares are listed on the stock exchange, the issuer's financial information shall be disclosed as prescribed in this chapter.
8.01			This chapter sets out the minimum financial information that an issuer must include in a prospectus.
8.02			The issuer must disclose a table of the issuer's financial statement and the group's financial statement, where the issuer is a holding company, at least for the past two financial years or such shorter period that the issuer/group has been in operation, and where applicable the latest financial period.
			Such information must be extracted from the issuer/group's audited financial statements and must include the following:
	(a)		Revenue;
	(b)		Gross profit and gross profit margin;

	(c)			Earnings before interest, taxation, depreciation and amortisation (EBITDA);
	(d)			Other income;
	(e)			Finance costs;
	(f)			Share of profits and losses of associates and joint ventures;
	(g)			Profit or loss before tax and profit/loss before tax margin;
	(h)			Tax expense;
	(i)			Profit/loss for the year and profit/loss margin;
	(j)			Profit/loss attributable to minority interest and equity holders of the parent;
	(k)			Basic and diluted earnings per share;
	(l)			Issued and paid-up share capital;
	(m)			Retained profits or accumulated losses;

	(n)		Shareholders' funds; and
	(o)		Key financial ratios, including gearing, liquidity, and receivables and payables turnover.
			In relation to the key financial ratios, the prospectus must state the formula used to compute the key financial ratios.
8.03			Provide a statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as at the latest financial period and disclose any subsequent significant changes in the capitalisation and indebtedness. Indebtedness also includes indirect and contingent liabilities.
8.04			If the date of the prospectus issuance is later than six months after the end of the last financial year, interim audited financial statements must be provided in the same format as the audited financial statements provided under paragraph 8.02 above.
8.05			The prospectus must also disclose the following information:

(a)			<p>A statement of total outstanding borrowings/financings, classified into long term and short term, interest-bearing and non-interest bearing; and for all foreign borrowings or financings, to be separately identified with the corresponding foreign currencies amount.</p>
			<p>If a material deficiency is identified in the issuer's ability to meet its cash obligations, disclose the course of action that the issuer has taken or proposes to take to remedy the deficiency. Include a statement whether there has been any default on payments of either interest or profits and/or principal sums for any borrowing or financing throughout the past one financial year and the subsequent financial period; and</p>
(b)			<p>If the issuer or any other corporation in the group is in breach of terms and conditions or covenants associated with credit arrangement or bank loan/financing which can materially affect the issuer's financial position and results or business operations, or the investments by holders of corporate bonds or sukuk of the issuer, provide details of the credit arrangement or bank loan or financing and any actions taken or to be taken by the issuer or other corporation in the group to rectify the situation, including status of any restructuring negotiations or agreement, if applicable.</p>

8.06				Pro forma financial information is required if the corporate bonds or sukuk offered causes or has a material effect on the issuer or group's assets, liabilities or earnings.
8.07				Where pro forma financial information, or future financial information are provided in the prospectus, the relevant sections pertaining to Pro forma financial information and Future financial information in Chapter 9 Financial Information, and Chapter 10 Reports by the Auditors of Division 1 shall apply.
Chapter 9				
RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST				
#				If the corporation's shares are not listed on the Stock Exchange, the information on related party transactions and conflict of interest shall be disclosed in the manner prescribed in chapter 7 and chapter 8 of division 1 of this regulation.
#				If the issuer's shares are listed on a stock exchange, information on related party transactions and conflicts of interest shall be disclosed for the period from the last 2

			(two) financial years to the date of the prospectus in accordance with the criteria prescribed in this chapter.
9.01			The following information must be disclosed for the three most recent financial years, and the latest financial period, where applicable, immediately preceding the date of the prospectus:
	(a)		The nature and extent of any related-party transaction or presently proposed related-party transactions that are material to the issuer and its related party, or any transaction that is unusual in nature or conditions to which the issuer or any of its parent or subsidiaries was a party; and
	(b)		The amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of the related party. The information given must be classified into long term and short term.
9.02			The issuer must disclose, for each transaction mentioned above, whether it was carried out on an arm's length basis and the procedure undertaken or which will be

				undertaken to ensure that such a transaction will be carried out on an arm's length basis.
9.03				A prospectus must include a declaration of any expert's existing and potential interests/conflicts of interest in an advisory capacity (if any) vis-à-vis the issuer/group. If a conflict of interest exists, full disclosure of the nature of the conflict and the steps taken to address such conflicts must be provided.
Chapter 10				
RIGHTS BOND AND SUKUK HOLDERS				
10.01				There must be a summary of rights conferred upon the holders of corporate bonds or sukuk, including any provisions relating to how the terms or their rights may be modified.
10.02				There must be details on the requirements for convening, attending or voting at a meeting of holders of corporate bonds or sukuk, if such a meeting can be held. Disclose the conditions governing the manner in which such a meeting would be convened, the quorum requirement, the admittance to the meeting and the minimum number of votes required to adopt certain types of resolutions.

10.03				The prospectus must also disclose the recourse available to the holders of corporate bonds or sukuk in an event of default, termination or failure to make a payment (which may not constitute an event of default).
Chapter 11				
INFORMATION ON BOND OR SUKUK TRUSTEE AND TRUST DEED				
11.01				Where a trustee is appointed, the prospectus must provide the following information:
	(a)			In relation to the bond or sukuk trustee:
		(i)		Any requirements before the bond or sukuk trustee can act on behalf of the holders of corporate bonds or sukuk, such as a requirement that the holders of a certain percentage of the corporate bonds or sukuk have instructed the bond or sukuk trustee to act; and
		(ii)		Whether the bond or sukuk trustee requires indemnification before proceeding to enforce a lien against the issuer's property or before taking any other action at the request of the holders of corporate bonds or sukuk.
	(b)			In relation to the trust deed:

		(i)		The main terms of the trust deed; and
		(ii)		Whether the issuer is required to make periodic disclosure to provide any early indication of any deterioration in the issuer's financial condition such as periodic disclosure of evidence that the issuer is not in default or that it is in full compliance with the terms of that contract.
CHAPTER X				
REPORTS BY THE AUDITORS				
#				If the corporation's shares are not listed on the Stock Exchange, the information on related party transactions and conflict of interest shall be disclosed in the manner prescribed in chapter 10 of division 1 of this regulation.
CHAPTER 12				
EXPERT'S REPORTS				
12.01				Where a statement or report attributed to a person as an expert is included in the prospectus, disclose such person's professional experience.

12.02				Where an expert's report is included in the prospectus, it must be signed and dated.
12.03				Where valuations of property assets have been carried out for inclusion in a prospectus, a summary of the valuation must be provided in the prospectus.
12.04				Where the offering involves sukuk, the Shariah pronouncement including detailed Shariah reasoning or justification from the Shariah adviser must be disclosed in the prospectus.
Guidance to paragraph 12.02 – Expert's report				
				The expert's report should be signed and dated within a reasonable time, which generally should not be earlier than the latest practicable date.
Chapter 13				
DOCUMENTS AVAILABLE FOR INSPECTION				
13.01				A prospectus must provide a statement informing the investors that for a period of at least 12 months from the date of issue of the prospectus, the investor may inspect the following documents (or copies thereof), at a specified place in Maldives:

(a)			The constituent document of the issuer;
(b)			Any trust deed;
(c)			Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
(d)			All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary of the expert's report is included in the prospectus, the corresponding full expert's report must be made available for inspection;
(e)			Each consent given by parties disclosed in the prospectus;
(f)			The audited financial statements of the issuer and the group, where the issuer is a holding company, and of significant subsidiaries for the last three years (or such shorter period that the issuer/group has been in operation), preceding the date of the prospectus; and

	(g)			The latest audited financial statements of the issuer and the group, where the issuer is a holding company, and key subsidiaries for the current financial period (where applicable).
Chapter 14				
APPLICATION FOR CORPORATE BONDS OR SUKUK				
14.01				Disclose the procedures for application of corporate bonds or sukuk.
14.02				Disclose whether directors reserve the right to extend the closing date.
14.03				The contents of the application form must not be contrary to any information that is in the prospectus.
14.04				Where applicable, the issuer must allocate all excess corporate bonds or sukuk for any subscription on a fair and equitable basis. The prospectus must state that the allocation of the excess corporate bonds or sukuk will be made on a fair and equitable manner.