



**CMDA**

Capital Market Development Authority

**CONTINUING DISCLOSURES AND OBLIGATIONS OF ISSUERS**

**(No. 2019/R-1050)**

**(Unofficial Translation)**

**14 January 2021**

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## Chapter 1

### Preliminary Provisions

- Introduction**
- (1) (a) This Regulation is made by the Authority in accordance with section 60 of Maldives Securities Act (2/2006).
- (b) This regulation shall be cited as the Regulation on Continuing Disclosures and Obligations of Issuers.
- (c) This regulation shall come in to effect as specified below: –
- (1) Provisions in this regulation relating to publication and contents of periodic reports shall come into effect 3 (three) months from the date of publication of this Regulation in the Gazette.
- (2) All other provisions in this regulation will come into immediate effect on date of publication of this Regulation in the Gazette
- Scope and application**
- (2) (a) This Regulation applies to issuers of the following securities with listings as well as private issuers making issuances in the private placement market.
- (1) Equity
- (2) Debt
- (3) Preference shares
- (4) Securitized Instruments/units
- (5) Units of a Fund
- (6) Any other securities as may be specified by CMDA under law from time to time.
- (b) All Issuers shall comply with the general rules stated in this regulation as well as relevant specific rules stated in chapters relating to the particular nature of securities issued.
- Commencement and Repeal**
- (3) (a) For existing public issuers of equity or debt securities this regulation shall commence on the latter date of 1<sup>st</sup> September 2019 or the date of publication in the Gazette.
- (b) For any issuer of securities on a private placement segment, this Regulation shall commence once published in the Gazette.
- (c) Upon commencement of this Regulation on the date specified in (a) above, the Securities (Continuing Disclosure Obligations of Issuers) (Regulation No: 2011/R-10) is repealed.
- Definitions**
- (4) In this Regulation unless the context otherwise requires, the following terms shall have the meanings as defined below.
- (a) “Accounting Period” shall mean the period in respect of which the financial accounts of the issuer are made up,

whether that period is a year or not.

- (b) "Act" shall mean the Maldives Securities Act 2/2006
- (c) "Associate" in relation to any Director or Chief Executive, shall mean;
  - (1) his spouse, children or any company, trust or other entity controlled by any of them ,
  - (2) a company of which he is a director,
  - (3) any person who is employed by him.
- (d) "Board" shall mean the Board of Directors of the issuer or *the body under whose direction the entity is governed*, and reference to "Directors" shall be construed accordingly;
- (e) "Chief Executive" in relation to an issuer shall mean an employee of the issuer who, alone or jointly with one or more others, is responsible under the immediate authority of the board, for the conduct of the whole of the business of that issuer;
- (f) "Days" shall mean, unless specified otherwise in context, calendar days; where a due date for publication falls in a public holiday, the effective date shall be deemed as the next working day.
- (g) "Days" shall mean, unless specified otherwise in context, calendar days; where a due date for publication falls in a public holiday, the effective date shall be deemed as the next working day.
- (h) "Directors" shall include members of the board, or any governing body of an entity.
- (i) "Interest in securities" shall mean any legal or equitable interest or right in relation to a security, including;
  - (1) An absolute or contingent right to acquire a security created, allotted, issued or to be created, allotted or issued; and
  - (2) The interests or rights of a person for whom a security is held on trust or by a custodian or depository.
- (j) "Disclose" in relation to any information or document shall mean that the information or document has been:
  - (1) Submitted to the Authority and the Exchange; and
  - (2) In case of a public issuer, has been published on the issuer's website and a notification to at least one printed or online newspaper in Maldives has been sent by any acceptable manner
  - (3) In case of a private issuer, a notification about the transaction to stock exchange has been sent to the

currently registered investors of the particular securities.

- (k) "Issuer" shall mean any person who has issued securities in accordance with the Act and regulations. This meaning shall include, originators of securitized instruments issued in accordance with relevant regulations.
- (l) "Member", in relation to an issuer, shall mean a shareholder whose name is entered in the company's register of members, including those recorded as members in a licensed depository in accordance with applicable rules and procedures;
- (m) "Substantial Shareholder" shall mean a person who holds by himself or his nominee, a share or an interest in a share which entitles him to exercise not less than 5% of the aggregate voting power exercisable at a meeting of shareholders;
- (n) "Private Issuer" shall mean an Issuer who has made a listed private placement of securities, other than those covered under the definition of 'public issuer' in relation to the particular securities issued.
- (o) "Public Issuer" shall mean a company who has issued securities in a public offer, or has been listed on main market [either as an equity, or debt or any other securities] of a stock exchange.

## **Chapter 2**

### **General obligations, disclosure principles and requirements**

#### **Applicability**

- (5) Unless stated otherwise, this chapter shall apply to all issuers of securities under Regulations on issuance of securities.

#### **General principles in disclosures**

- (6) Issuers shall make disclosures and abide by their obligations as specified in this Regulation, in accordance with the following principles:
  - (a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial reporting.
  - (b) The issuer shall ensure that the annual audit is conducted by an independent, competent and qualified auditor.
  - (c) The issuer shall refrain from misrepresentation and ensure that the information provided to the market and investors is not misleading.
  - (d) The issuer shall provide adequate, relevant, accurate, timely, explicit information – in their filings, reports, statements and documents whether event based or periodic.

**General obligation to disclose**

- (7) (a) Issuer shall generally and apart from compliance with all the specific requirements of these regulations, forthwith publish material changes or any major new developments in its sphere of activities through a press release which shall be published at least on one daily news and on company website, which shall be notified to the Authority and Stock Exchange. Such information are which, that are not public (or has not been informed to investors) and which information –
- (1) is necessary to enable the investors (and the public where applicable) to appraise the financial position of the issuer and its subsidiaries;
  - (2) is necessary to avoid the formation of a false market in its securities;
  - (3) Is likely to bring about a material change in the value or market price of its securities.
- (b) Subsection (a) does not apply in the following circumstances –
- (1) where it would be a breach of the law to disclose the information; or
  - (2) where the information concerns an incomplete proposal or negotiations;
  - (3) where the information comprises of matters of supposition or is insufficiently definite such that it would be misleading to the market for it to be disclosed;
  - (4) where the information is a trade secret;
  - (5) where the Authority grants an exemption from disclosure, when the Authority is satisfied that there are legitimate grounds for withholding information that would create serious prejudice to the issuer and that outweighs the prejudice to the public in not disclosing the information to the market.

**Disclosures in certain acquisition or disposal of assets**

- (8) (a) The disclosure requirements specified in subsection (b) must be met in the following transactions, including transactions relating to acquisition or disposal of assets:
- (1) The assets being acquired or disposed represents an amount more than 5% of the value of the Issuer's net assets or consolidated net assets, as the case may be as disclosed in the last audited accounts;
  - (2) The assets are acquired from or disposed to any of its subsidiaries' Directors or Chief Executive, or any associate of any such Director or Chief Executive, or any substantial shareholder;
  - (3) The assets being acquired or disposed are in interest in a company of which a Director, or Chief Executive of the Issuer, or an associate of them is a substantial shareholder
  - (4) Disposal of assets by the issuer or any of its subsidiaries where the net profit before taxation earned by the

assets which are the subject of the disposal exceeds 5% of consolidated pre-tax profit disclosed in the last audited accounts.

- (b) Where subsection (a) applies, shall promptly disclose the following details –
- (1) The date of the transaction and the details of the parties (transferor and the transferee);
  - (2) A general description of the nature of the assets and, if there are shares in whole or part, the name and general description of the activities of the company in which the shares are or were held;
  - (3) The total consideration and other material terms;
  - (4) In the case of transaction referred to in subsection (a)
    - (1) or (a) (2);
      - 4.1. The basis of the valuation placed on the assets at the time of acquisition or disposal; and
      - 4.2. In the case of a disposal, the excess or deficit from the book value.
  - (5) In the case of a transaction referred to in subsection (a), the name of the Director, Chief Executive, their associates or substantial shareholders (Owns or hold shares 5% or more) concerned and;
    - 5.1. Where a Director or Chief Executive is specified, their designation;
    - 5.2. Where associates of a Director or the Chief Executive; the nature of the relationship and the name of the Director or Chief Executive and their designation.

**Website**

- (9) (a) The Issuer shall maintain a functional website containing the basic information concerning the issuer.
  - (1) A brief summary of its business
  - (2) Contact information of the designated officials of the Issuer responsible for assisting and handling investor relations;
- (b) Issuers of publicly issued securities shall also publicize the following information on its website:
  - (1) Information stated in subsection (a);
  - (2) Articles of Association;
  - (3) Composition of the board and various committees including their names;
  - (4) Major shareholding structure with names;
  - (5) All notices issued to the holders of listed securities
  - (6) Financial results (including periodic accounts, annual accounts, and annual audited accounts) where audited accounts shall be published as per this regulation upon approval by Board of Directors;
  - (7) Annual reports of the Issuers of equity securities;
  - (8) In relation to publicly issued debt securities:
    - 8.1. Default by issuer to pay interest or redemption amount;
    - 8.2. Failure to create a charge on the assets;



8.3.Revision of rating assigned to debt securities or to the issuer;

- (c) The information referred in b (5, 6, 7, 8) shall be kept for at least one year from the date of publication.
- (d) The Issuer shall ensure that the contents of the website are true and accurate.
- (e) The Issuer shall update any change in the content of its website within five working days.

**Financial accounts**

- (10) (a) Financial reports of the Issuer shall comply with the following principles:
  - (1) The financial results shall be prepared on the basis of accrual accounting policy and shall be in accordance with the International Financial Reporting Standards.
  - (2) The issuer shall disclose information specified in Minimum Criteria for Periodic Reporting published in the Authority's website.
  - (3) Financial reports disclosed shall be signed by Chief Executive, Chief Financial Officer and member of audit committee.
- (b) Any alteration by the Authority to the "Minimum Criteria for Periodic Reporting" shall be brought about after consulting with the Issuers and shall be notified 60 (sixty) calendar days in advance prior to implementation.
- (c) The issuer shall disclose the financial results in the following manner:
  - (1) The issuer shall disclose periodic and year-to-date standalone financial results within 1 (one) month from the end of each period.
  - (2) The periodic and year-to-date financial results may be either audited or unaudited.
  - (3) Issuers must disclose annual audited financial statements within 5 days from the date they are approved by the board, but in any case within 4 month from the end of financial year.
- (d) The issuer shall include in its periodic reports, and annual report,
  - (1) A statement on the use of proceeds from the issue of securities, indicating material deviations (including the amounts), if any, in the use of proceeds of the issue from the objects in the prospectus.
  - (2) Material transaction with – (i) directors, (ii) substantial shareholders.
  - (3) In case of securitization of financial assets issuer shall provide in periodic reports, asset level information without disclosing particulars of borrower.
  - (4) Any other specific information that required by the type of securities issued.

- Record dates for cooperate actions in relation to issued securities**
- (11) (a) The issuer shall fix record dates for payment of interest, dividend, profit and payment of redemption or repayment amount in relation to securities issued or for such other purposes as specified in this section.
- (b) The Issuer shall give notice prior to seven working days (excluding the date of publication and the record date) of record date specifying the purpose of the record date.
- (c) Issuer of equity securities:
- (1) Shall also fix record dates for –
- 1.1. Declaration of dividend;
  - 1.2. Issue of right or bonus shares;
  - 1.3. Issue of shares for conversion of debentures or any other convertible security;
  - 1.4. Corporate actions like mergers, de-mergers, splits and bonus shares;
  - 1.5. Any other purpose for which, book closure is necessary.
- (2) Shall recommend or declare all dividend and/or/ cash bonuses at least five working days (excluding the date of notification and the record date) before the record date fixed for the purpose.
- (d) For securities held in physical form, the Issuer may, announce dates of closure of its transfer books in place of record date.
- Other obligations**
- (12) (a) Issuers shall not distribute dividends except out of the profits realized by the issuer.
- (b) Issuers should restrict transfer of its securities/shares held by its promoters in accordance with the Regulation on Offer and Sale of Securities.
- (c) Issuers shall facilitate transfer and registration of securities issued under the Regulation on Offer and Sale of Securities upon receiving the required documents.
- (d) The issuer shall ensure that any plan or arrangement (for amalgamation/merger/restructuring/reduction of capital);
- (e) Does not in any way violate, override or limit the provisions of securities laws or equitable treatment in relation to the rights of holders of listed securities.
- (f) Unless specified otherwise in the offer and sales of securities, the redemption shall be based on pro-rata basis.

### **Chapter 3**

#### **Obligations for Issuers of equity securities**

- Applicability**
- (13) Provisions of this chapter shall apply only to issuers of equity securities listed on the stock exchange.
- Corporate governance standards**
- (14) The Issuers of equity securities shall implement corporate governance standards to achieve the following objectives –
- (a) Rights of shareholders: The Issuer shall seek to protect and facilitate the exercise of the following rights of

shareholders –

- (1) Right to participate in, and to be sufficiently informed of; decisions concerning key corporate governance decisions and fundamental corporate changes.
  - (2) The right to be informed of the rules that govern general shareholder meetings.
  - (3) The right to the opportunity to ask questions to the board of directors.
  - (4) Shall state in the Articles of Association, the right to place items on the agenda of general meetings and to propose resolutions subject to reasonable limitations.
  - (5) The right to exercise ownership rights by all shareholders.
  - (6) The right to adequate mechanism to address the grievances of the shareholders.
  - (7) The right of minority shareholders to be protected from abusive actions by, or in the interest of controlling shareholders.
- (b) Timely information: The issuer shall provide adequate and timely information to shareholders, including:
- (1) Information concerning the date, location and agenda of general meetings.
  - (2) Adequate information regarding the issues to be discussed at the meeting.
  - (3) Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership.
  - (4) Rights attached to series and classes of shares.
- (c) Equitable treatment: The issuer shall ensure equitable treatment of all shareholders, including minority shareholders, in the following manner:
- (1) All shareholders of the same class shall be treated equally.
  - (2) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of members of board of directors, shall be facilitated.
  - (3) The issuer shall devise a framework to avoid insider trading and abusive self-dealing.
  - (4) Processes and procedures for general shareholder meetings shall allow for equitable treatment of all shareholders.

- (5) Procedures of issuer shall not make it unduly difficult or expensive to cast votes.

**Events requiring prior notification to the Authority**

- (15) The Issuer shall inform the Authority in advance regarding meeting(s) of the Board of Directors in which the following proposals are to be considered:
- (a) approving annual financial results;
  - (b) proposal for buyback of securities;
  - (c) proposal for voluntary delisting by the issuer from the stock exchange(s);
  - (d) Proposal to raise funds by way of further public offer, rights issue, preferential issue or any other method of issuing securities, and for determination of issue price.
  - (e) declaration or recommendation of dividend, issue of convertible securities (including rights to subscribe to equity) or any recommendation or decision not to declare dividend.
  - (f) a proposal for declaration of bonus securities.
  - (g) Any alteration in the rights or privileges of the holders of listed securities.

**Events requiring disclosures**

- (16)
- (a) Every issuer shall make disclosures of any events or information which, in the opinion of the Board of Directors of the issuer, is material.
  - (b) Events specified in Part A1 of Schedule 1 are deemed to be material events and issuer shall make disclosure of such events.
  - (c) The issuer shall make disclosure of events specified in Part A2 of Schedule 1, based on application of the guidelines for materiality, as specified in subsection (d).
  - (d) The issuer shall consider the following criteria for determination of materiality of events or information:
    - (1) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
    - (2) disclosing of an event or information is likely to result in significant impact on the price of securities; or
    - (3) In case where the criteria specified in sub-clauses (1) and (2) are not applicable, an event or information may be treated as being material if in the opinion of the board of directors of issuer, the event or information is considered material.
  - (e) Subject to sub section (f) [below] the issuer shall publish disclosures all events, as specified in Part A1 of Schedule 1, as soon as reasonably possible but not exceeding 3 working days from the occurrence of event or information;
  - (f) Events specified in para 1 of A1 of Schedule 1 shall be made within the next working day of the conclusion of the board meeting.
  - (g) The issuer shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
  - (h) The issuer shall disclose on its website all such events or

information which has been published under these regulations, and such disclosures shall be hosted on the website of the issuer for a minimum period of one year.

- (i) The issuer shall provide specific and adequate replies to all queries raised by the Authority with respect to any events or information.

<b>Statement of deviations</b>	(17)	<p>(a) The issuer shall publish the following information on a periodic and annual basis –</p> <ul style="list-style-type: none"><li>(1) A statement of the use of proceeds from issue of securities with any deviations from the objectives stated in the prospectus.</li><li>(b) The statement(s) specified in subsection (a), shall be continued to be given till such time the issue proceeds have been fully utilized.</li><li>(c) Prior to publication, the statement(s) specified in subsection (a), shall be approved by the audit committee.</li><li>(d) The issuer shall provide an explanation for the deviation (if any), in the statement of deviation specified under subsection (a) above.</li></ul>
<b>Annual reports</b>	(18)	<p>(a) The Issuer shall publish its annual reports within 4 months from the end of each financial year.</p> <p>(b) The annual report shall contain disclosures specified in Companies Act, Corporate Governance Code, and Schedule 2 of this Regulation.</p>
<b>Annual general meeting</b>	(19)	<p>(a) Equity Issuers must hold their Annual General Meeting within 5 months from the end of the financial year.</p>
<b>Documents and information for annual general meetings</b>	(20)	<p>(a) The issuer shall make available the following documents to the shareholders prior to at least 14 days to the Annual General Meeting.</p> <ul style="list-style-type: none"><li>(1) Annual report including audited financial statements;</li><li>(2) Following information in case of the appointment of a new director or re-appointment or election of a director:<ul style="list-style-type: none"><li>2.1. a brief resume of the director(s);</li><li>2.2. nature of expertise in specific functional areas;</li><li>2.3. disclosure of relationships between directors ;</li><li>2.4. names of listed entities in which the Director holds directorship and membership of Committees of the Board; and</li><li>2.5. Shareholding of non-executive directors (in that company).</li><li>2.6. Adequate details of agenda items including proposed resolutions</li></ul></li></ul>
<b>Other provisions relating to shares</b>	(21)	<p>(a) The Issuer shall not exercise a lien on its fully paid shares and that in respect of partly paid shares it shall not exercise any lien except in respect of moneys called or payable at a fixed time in respect of such shares.</p> <p>(b) The issuer shall not issue shares in any manner which may confer on</p>

any person, superior rights as to voting or dividend on a listed class of shares.

- (c) Unless the shareholders in the general meeting decide otherwise, the Issuer shall issue or offer any additional shares (including forfeited shares, rights, privileges and benefits) in the first instance to the equity shareholders, to be subscribed in a pro rata basis.

## **Chapter 4**

### **Issuers of debt securities**

- |  |      |  |
|--|------|--|
| <b>Applicability</b>   | (22) | <p>(a) The provisions of this chapter shall apply only to issuers of debt securities.</p> <p>(b) The parent company as per the Regulation on Offer and Sale of Securities for an exempt issuer, shall also comply with the specified provisions of this chapter.</p> <p>(c) For the purpose of this regulation, debt securities shall be:</p> <ul style="list-style-type: none"><li>(1) Non-convertible debentures and bonds;</li><li>(2) Non-convertible and redeemable preferred shares.</li></ul>   |
| <b>Prior Notifications to the Authority</b>  | (23) | <p>The issuer shall notify in advance about the meeting of its board of directors, at which any matter affecting the rights or interests of holders of securities is proposed to be considered.</p>  |
| <b>Disclosure of price sensitive information and performance related information</b> | (24) | <p>(a) The issuer shall promptly notify all price sensitive information and information having impact on operations or performance of the issuer, price sensitive information or any action that shall affect payment of interest or dividend debt securities.</p> <p>(b) The parent company as per the Regulation on Offer and Sale of Securities shall provide all information having an impact on the performance of its obligations including but not limited to:</p> <ul style="list-style-type: none"><li>(1) New issuances of debt securities;</li><li>(2) Issuances of debt securities by a subsidiary.</li></ul> <p>(c) The notification required by subsection (a) and (b) shall be disclosed as soon as practicable; without delay and before providing the same to any third party.</p> <p>(d) Without prejudice to the generality of subsection (a) and (b), the Issuer who has issued or is issuing shall make disclosures as specified in Part B of Schedule 1.</p> |
| <b>Asset Cover Ratio</b>   | (25) | <p>The issuer shall maintain at least hundred percent asset cover sufficient to discharge the principal amount at all times. For the purpose of this section, "assets" shall be limited to tangible assets only.</p>   |
| <b>Credit rating</b>   | (26) | <p>Each rating obtained by the issuer with respect to either debt securities or the issuer itself, shall be reviewed and published at least once a year.</p>   |

- Other documents to be disclosed** (27) The issuer shall submit the following documents to the Authority promptly.
- (1) a copy of all notices, resolutions and circulars relating to –
    - 1.1. new issue of debt securities;
    - 1.2. the meetings of holders of debt securities and proceedings of the meetings;
  - (2) notification regarding:
    - 2.1. any revision in the rating;
    - 2.2. any default in timely payment of interest, principle or any other payment to the holders;
    - 2.3. delay in concluding the creation of a charge or pledge on the assets;
  - (3) Issuer shall notify immediately after interest or principal amounts or both has been made to the investors.
- General terms for debt securities** (28) (a) The issuer shall ensure timely payment of interest, dividend or redemption payment.
- (b) the issuer shall not declare or distribute any dividend –
- (1) Wherein it has defaulted in payment of interest or dividend for preferred shares or in creation of security (if any) as per the terms of the offer document.
  - (2) Wherein it has failed to hold a collateral or arrangements for the issuance of securities for the benefit of the subscribers as per the prospectus.
  - (3) Wherein such declaration or distribution may make the free reserves fall below the amount needed for the next interest/redemption payments.
  - (4) Wherein the asset cover ratio required under this regulation decreases if the issuer distributes is to distribute any profit.
- (c) Issuer shall not select any of its listed securities for redemption unless on pro rata basis.
- (d) The issuer shall comply with requirements in these regulations for transfer of debt securities.

## Chapter 5

### Securitized instruments

- Applicability** (29) (a) This chapter shall applies to special purpose entities issuing securitized units its originators and managers.
- (b) The terms and expressions referred to in this chapter shall have the same meaning assigned to them in Regulation on Offer and sale of securities.
- (c) For the purpose of this chapter, “units” shall be defined as securitized shares.

- Prior notification and information to be shared** (30) (a) The originator or issuer shall notify the Authority in advance, regarding the meeting of its board at which the following is proposed:
- (1) Issuing new securitized units,
  - (2) Any other matter affecting the rights or interests of holders of securitized instruments is proposed to be considered.
- (b) The issuer shall submit reports to the Authority on interest/coupon/dividend payments either monthly or as specified in prospectus for securitized units within 5 days from end of the month or the period specified in the prospectus.
- Disclosure of price sensitive information or performance related information** (31) (a) The issuer shall promptly notify of all information having bearing on performance or operation of the issuer and price sensitive information relating to the scheme.
- (b) Without prejudice to the generality of subsection (a), the issuer shall make the disclosures specified in Part C of Schedule 1.
- (c) The originator shall immediately disclose any matters which may impact its obligation under this regulation and the terms of the securitized instrument.
- Credit Rating** (32) Every rating obtained by the issuer with respect to securitized units shall be periodically reviewed and published, preferably once a year.
- Terms of the securitized units** (33) (a) The issuer shall ensure that no material modification shall be made to the structure of the securitized units in terms of coupon, conversion, redemption, or otherwise without prior approval of the Authority, followed by a special resolution of the holders of securitized units.
- (b) The issuer shall ensure timely payment of coupon, dividend, profit and redemption.
- (c) The issuer or originator shall ensure that where credit enhancement has been provided, credit enhancements are made available for listed securitized units at all times.
- (d) The issuer shall not select any of its units for redemption unless on pro rata basis.
- (e) The issuer shall remain listed until the maturity or redemption of securitized units or until the same by the terms approved by a special resolution by the investors.

## Chapter 6

### Units of a Fund

- Applicability** (34) (a) The provisions of this chapter shall also apply to the asset manager managing the fund scheme whose units are listed in an exchange.



(b) The manager and issuer shall comply with Regulations on investment funds (No.2016/R-57), and Regulations on investment advisers (No. 2014/R-375) to the extent it is applicable to the asset manager.

**Definitions**

(35) (a) The terms and expressions referred to in this chapter shall have same meaning prescribed to it in the Regulation investment funds (No. 2016/R-57).

**Information and documents**

(36) (a) The issuer shall notify the investors the monthly portfolio of the scheme as well as periodic portfolio; and net assets value (where fund is open-ended).

(b) The issuer shall notify to the investors in its periodic reports –

(1) Changes in unit capital of the scheme;

(2) Rating of the scheme and any changes there in;

(3) Any imposition of penalty on the manager (including any fine);

(4) Any other information that have a bearing on the performance of the fund or the manager.

(c) The issuer shall notify to the investors in the manner specified by the Authority, such other information as required by the Regulation of investment funds (No. 2016/R-57).

(d) Issuer shall provide the following documents and information to the investors and the Authority –

(1) Fund's constitutional documents.

(2) Details about the fund's promoter, manager, investment adviser or custodian.

(3) Details of the fund's current portfolio.

(4) Agreements made between the fund and fund manager and or custodian.

(5) Details about the members of the board and committees

(6) Other information specified by the Authority (Periodic reports – within 30 days from the end of the reporting period)

(e) In case of public issuers, information referred in subsection (d) shall be published.

**Disclosure of price sensitive information or performance related information**

(37) The issuer shall promptly notify of all information having a bearing on the performance or operation of the issuer and price sensitive information relating to assets or portfolio of the scheme.

**Chapter 7**

**Miscellaneous**

**Authority may require further information**

(38) (a) The Authority may, at any time, require an issuer, guarantor,

originator, manager or a special purpose entity –

- (1) to provide to the Authority information in the required form, within the time limits as the Authority may require; and
  - (2) to disclose, (as the case may be) that information in the form and within the time limits as the Authority considers appropriate for the purpose of protecting investors and maintaining the smooth and efficient operation of the securities market.
- (b) If an issuer fails to comply with the requirements to publish information under subsection (a), the Authority may itself disclose the information.

**Waiver by the Authority**

- (39)
- (a) Subject to subsection (b) and (c), on written application made by an issuer, the Authority may, where it considers it appropriate in the special circumstances of the particular issuer, in its absolute discretion, exempt the issuer from any specified requirement of these regulations.
  - (b) The written application made under subsection (a) of the issuer shall give full reasons for seeking a waiver and shall specify any other alternative arrangements that it will put in place.
  - (c) Notwithstanding an application under subsection (a), the issuer shall comply with the regulatory requirement until a formal waiver is provided by the Authority, in writing.
  - (d) The Authority shall promptly publish notice to investors of the name of the party receiving the waiver and a brief description of the nature of the waiver.

**Guidance on interpretation and implementation**

- (40)
- (a) The Authority may issue clarifications through guidance notes or circulars to guide the implementation or interpretation of these regulations.
  - (b) Without prejudice to the generality of subsection (a), such guidance notes or circulars may provide for all or any of the following matters, namely:
    - (1) Procedural aspects including notifications to be given and documents to be submitted to the Authority;
    - (2) Disclosure requirements;
    - (3) Listing conditions.

**Power to relax strict enforcement**

- (41)
- Provided that the following conditions are met, the Authority may, in the interest of investors and the securities market or for the development of the securities market, relax the strict enforcement of a requirement of this regulation:
- (a) a provision of Act(s), Rule(s), regulation(s) under which the issuer is established or is governed by, is required to be given precedence to; or
  - (b) the requirement may cause undue hardship to the Issuer; or

- (c) the disclosure requirement is not relevant for a particular industry or class of listed entities; or
- (d) the requirement is technical in nature; or
- (e) Non-compliance is caused due to factors affecting a class of issuers, and is beyond the control of the issuer.

**Actions against issuer**

- (42) (a) Where the Authority considers that an issuer has contravened or failed to comply with any of these Regulations, the Authority may take one or more of the following action(s) -
- (1) privately censure the issuer;
  - (2) impose a penalty on the issuer up to a maximum of MVR 30,000;
  - (3) publish the fact that the issuer has been penalized or censured for contravening these regulations;
  - (4) direct the Stock exchange on which the issuer is listed –
    - 4.1. to temporarily suspend trading of the securities of the issuer;
    - 4.2. to temporarily suspend the listing of the issuer; or
    - 4.3. to delist the issuer;
- (b) In the event where an issuer is being penalized under subsection (a), the Issuer must disclose details of the penalty in its audited accounts relating to the period in which the fine is imposed.
- (c) A penalty under this section shall be payable to the Authority.

**Actions against Directors of issuer, originator/manager/servicer**

- (43) (a) Where the Authority considers that a contravention of this regulation by an issuer is due to a failure by all or any of the directors to discharge their responsibilities, the Authority may, in addition to any action taken under section (42), , take one or more of the following actions –
- (1) impose a penalty on the relevant director up to a maximum of MVR 15,000 in respect of each such director;
  - (2) privately censure the relevant director;
  - (3) publish the fact that these directors have been penalized or censured;
  - (4) in the case of deliberate or persistent failure by a director to discharge his responsibilities, state publicly that in their opinion the retention of office by the director is prejudicial to the interests of investors;
  - (5) Under subsection 4, if the director remains in office following a public censure by the Authority, issue direction by Authority to the Exchange to suspend trading of or discontinue the listing or admission to trading of the issuer’s securities
- (b) A penalty under this section is payable to the Authority.

**Notifications of sanctions**

- (44) (a) Unless the Authority considers that maintenance of an orderly market or the protection of investors, or the circumstances requires otherwise, where the Authority proposes to take any of the actions described under section 42 and 43 of this regulation, the Authority shall, in relation to the party concerned –
- (1) give a notice in advance; detailing the contravention, Authority's proposed action, and steps required to remedy the breach (if applicable);
  - (2) invite the issuer to express their concerns to the Authority either in writing or in person;
  - (3) Advice of the decision as soon as practicable after it is made; and
  - (4) Advice in writing of the reasons for any decision that is unfavorable.

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## Schedule 1

### PART A

Equity securities

#### **A1. Events which shall be disclosed without any application of materiality.**

##### Events which shall be disclosed:

- (1) Outcome of Meetings of the board of directors: *disclosure to be made within the next working day*
  - 1.1. dividends and/or cash bonuses recommended or declared or the decision to pass any dividend or not, and the date on which dividend shall be paid/dispatched;
  - 1.2. any cancellation of dividend;
  - 1.3. the decision on buyback securities;
  - 1.4. the decision with respect to fund raising proposed to be undertaken;
  - 1.5. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
  - 1.6. reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
  - 1.7. short particulars of any other alterations of capital, including calls;
  - 1.8. annual financial results;
  - 1.9. decision on voluntary delisting by the issuer from stock exchange(s)

##### Events which shall be disclosed within next 3 working days

- (2) Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/merger/demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the issuer or any other restructuring.
- (3) acquisition of control of 5% or above of an entity, or any change thereafter equivalent to more than 2.5% of the voting shares]
- (4) Acquisition or disposal of assets specified in the regulation
- (5) Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, redemption of securities etc.
- (6) Revision in Rating(s).
- (7) shareholder agreement(s), joint venture agreement(s) to the extent these it impacts management and control of the issuer
- (8) Fraud/defaults by promoter or key managerial personnel or by issuer
- (9) Change in directors, key managerial person (managing director, chief executive officer, chief financial officer, company secretary etc.),

- (10) Corporate debt restructuring.
- (11) One time settlement with a bank.
- (12) Filing of winding-up petition filed by any party/creditors.
- (13) Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them
- (14) Proceedings of Annual and extraordinary general meetings of the issuer
- (15) Amendments to memorandum and articles of association of issuer

***A2. Events which shall be disclosed upon application of the guidelines for materiality, within next 3 workings days from the date of event***

- (1) Change in the general character or nature of business, adoption of new lines of business or closure of operations of any unit/division (partly or entirely).
- (2) Acquisition or disposal of assets
- (3) Awarding, receiving, amendment or termination of awarded orders/contracts not in the normal course of business.
- (4) Agreements (loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
- (5) Disruption of operations of any one or more units or division of the issuer due to natural disaster, force majeure or events such as strikes, lockouts etc.
- (6) Effect(s) arising out of change in the regulatory framework applicable to the issuer
- (7) Litigation(s)/dispute(s) or regulatory action(s) with impact.
- (8) Fraud/defaults etc. by directors or employees of issuer.
- (9) Options to purchase securities for employees.
- (10) Giving of guarantees or indemnity or becoming a surety for any third party.
- (11) Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

**PART B**

*Disclosure of information for debt securities*

*['Payments' refer to payment of interest or preference dividend or redemption or repayment or any similar payment associated with debt securities and preferred shares]*

The issuer shall promptly notify all information which are price sensitive or have an impact on the operation/performance of issuer or may affect payment of interest or dividend or redemption, including:

- (1) expected or actual default in timely payment or any action that may affect adversely on the payments
- (2) default in creation of collateral or mortgage or securities for debentures;

- (3) any action which shall result in the redemption, conversion, cancellation, retirement in whole or in part of the debt securities;
- (4) any changes in the general character or nature of business/activities, disruption of operation due to natural disasters, and commencement of new operations;
- (5) Any major change in composition of its board of directors, which may amount to change in control;
- (6) any revision in the rating;
- (7) the following approvals by board of directors in their meeting:-
  - a) the decision to pass dividend payment;
  - b) short particulars of any increase of capital
- (8) all the information, report, notices, call letters, circulars, proceedings, etc. concerning meeting of holders of debt securities
- (9) any other matter that shall affect the rights and obligations of the holders of securities
- (10) any other information, not already in public domain –
  - a) that is necessary to avoid the creation of a false market; or
  - b) that is price sensitive in relation to debt securities; or
  - c) that may have significant impact on the operation/performance of the issuer

## **PART C**

*Disclosure of price sensitive information or information that may have impact on operation/performance of originator/issuer/servicer or manager*

The issuer, originator, servicer/manager shall promptly notify such information, including:

- (1) any action that shall result in the redemption, conversion, cancellation, retirement in whole or in part of any securitized units;
- (2) any action that shall adversely affect any payment under terms of the securitized units, including an expected default as soon it becomes apparent
- (3) any change in the form or nature of any of its units or in the rights or privileges of the holders thereof
- (4) changes in the general character or nature of business/activities, disruption of operation due to natural calamity etc. of the issuer, originator, servicer/manager that may impact its performance in relation to securitized units
- (5) revisions in rating where applicable
- (6) any other issue that shall affect the rights and obligations of the holders of securities
- (7) any other information, not already in public domain –
  - (a) that is necessary to avoid the creation of a false market; or
  - (b) that is price sensitive in relation to debt securities; or
  - (c) that may have significant impact on the operation/performance of the issuer

## Schedule 2

### ***Contents to be covered in Annual Report***

#### (1) Issuer information

- (a) Name, country of incorporation, date of registration, registration number
- (b) Listed instrument, date of listing
- (c) Members of the board
- (d) Major shareholders
- (e) Principal activities of the issuer, including (i) turnover and (ii) contribution to operating profit – from each activity
- (f) Subsidiaries, including (i) name, (ii) accounting period, (iii) principal activities
- (g) Director's interest (whether direct, or indirect through associates) in issuer's (i) equity, (ii) debt securities
- (h) Director's interest (whether direct or indirect through associates) in issuer's subsidiary companies' (i) equity, (ii) debts securities – for each of the subsidiary company
- (i) Whether there is any right given to any director, chief executive or any of their associates to subscribe for equity or debt securities; and if so, the details; or an appropriate negative statement
- (j) Whether there has been any departure from application of IFRS, and if so, details with reasons

#### (K) Financial information

##### 1. Borrowings of the issuer categorized as

###### 1.1. Bank loans and over drafts, sub-categorized as

- 1.1.1 on demand or within one year;
- 1.1.2 within 1 to 2 years;
- 1.1.3 2 to 3 years;
- 1.1.4 more than 3 years

###### 1.2. Other borrowings, sub-categorized in the same way as in (1.1)

##### 2. Borrowings of each subsidiary in the same was as in (1)

##### 3. Interest capitalized by (i) issuer; (ii) each subsidiary

#### 2. Employment contract with Directors

If there has been any service contract with any director, or a director proposed for election in next AGM that *cannot be terminated by the issuer within the next accounting period without paying compensation.*

#### 3. Interests of directors

- (a) Whether there are any significant contract between any person and the issuer, in which a director has direct or indirect interest? Details if any
- (b) Whether there are any significant contract between any person and for each subsidiaries of issuer, in which a director of the issuer has direct or indirect interest? Details if any

#### 4. Interests of substantial shareholders



- (a) Whether there are any significant contract between any person and the issuer, in which a substantial shareholder of issuer has direct or indirect interest? Details if any
  - (b) Whether there are any significant contract between any person and for each subsidiary of the issuer, in which a substantial shareholder of issuer has direct or indirect interest? Details if any
5. Other related party transactions
  6. Brief management discussions and analysis on [Optional]
    - (a) Industry structure and developments
    - (b) Opportunities and threats
    - (c) Segment-wise or product-wise performance and outlook
    - (d) Risks and concerns
    - (e) Analysis of financial performance with respect to operational performance
    - (f) Material developments in human resource
  7. Corporate governance disclosures as in CMDA corporate governance code
  8. Financial statements
  9. Directors' declaration signed by the Managing Director and Chief Financial Officer on behalf of the Board of Directors.

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