

Regulation on Issuance of Securities

(Unofficial English Translation)

Chapter 1

Preliminary Provisions

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| Introduction and Coming into Effect | 1. | (a) This regulation is enacted by the Capital Market Development Authority under authority granted by Sections 4, 9 and 63 of Maldives Securities Act (2/2006). |
| | | (b) This regulation shall be cited as "Regulation on Issuance of Securities". |
| Date of Coming into Effect | | (c) This regulation will be in come into effect from the date of publication of this regulation in the Gazette. |
| Regulation Being Repealed | | (d) With this regulation coming into effect, the Regulation on the Offer and Sale of Securities (2019/R-1051) shall be repealed. |
| Scope of this Regulation | 2. | This regulation shall govern the issuance of securities as prescribed below. |
| | | (a) Public issuance of securities. |
| | | (b) Proposal by a securities issuer, to issue securities to specific entities via a licensed stock exchange. |
| | | (c) Issuance of securities to more than 50 (fifty) individual entities even where issuance of securities is not offered publicly. |
| Interpretation | 3. | Unless where the usage of a term or phrase in this regulation may be explicitly interpreted otherwise, the following terms and phrases shall be interpreted as follows. |
| | | (a) "Act" shall mean the Maldives Securities Act (2/2006). |
| | | (b) "Advertising" shall have the same interpretation as defined in the Maldives Securities Act (2/2006). |
| | | (c) "Auditor" shall mean a person licensed to carry out audits as required legally. |
| | | (d) "Authority" shall mean the Capital Market Development Authority established under the provisions of Maldives Securities Act (2/2006). |
| | | (e) "Expert" shall be as interpreted inclusive of engineers, valuers, accountants, and persons whose technical qualifications increase the validity of their statements. |
| | | (f) "Investment fund" and "Fund manager" shall have the same interpretation as defined in the Maldives Securities Act (2/2006). |
| | | (g) "Issuer of Securities" shall have the same interpretation as defined in the Maldives Securities Act (2/2006). |
| | | (h) "Date for Offering of Securities / Date for Offer for Sale" shall be interpreted as the date on which persons can apply for purchase of securities. |
| | | (i) "Prospectus" shall be interpreted as documents, letters, circulars, notices, and other such instruments inviting other entities to purchase securities. |
| | | (j) "Public Issuance of Securities" shall have the interpretation as set forth in Chapter 3 of this regulation. |

- (k) In the context of securitisation and issuance of securitised units, “scheme”, “originator”, “commodity”, and “SPE” shall be interpreted as set forth in Chapter 5 of this regulation.
- (l) “Securities” shall have the following interpretations.
 - (1) Instruments considered to be “securities” under Maldives Securities Act (2/2006)
 - (2) Investment transactions or contracts where, funds or commodities sourced from more than one entity are invested in a business or a for profit venture and profits derived from the utilisation of said funds or commodities are returned to the original source of the funds or commodities.
 - (3) Even though (2) of this subsection is stated as is, bill of exchange, promissory note, certificate of deposits, and “banking” as defined by Maldives Banking Act (24/2010) are not considered to be securities.
- (m) “Trustee” shall be interpreted as a person undertaking fiduciary responsibility to implement a trust contract under the provisions of this regulation.

Chapter 2

Prospectus and Prerequisites for Disclosures

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| Submission of Prospectus Preparation of Prospectus Information to be Included in Prospectus | 4. | For the sale of securities under provisions of this regulation, a prospectus shall be prepared, submitted to the Authority, and registered. |
| | 5. | <ul style="list-style-type: none"> (a) A prospectus shall be prepared for any invitation offered for the issuance of securities. (b) The following information, for the use of investors and investment advisors, believed to be of use in making investment decisions, shall be included in the prospectus. <ul style="list-style-type: none"> (1) Assets, liabilities, financial status, profit and loss figures, and business development opportunities of the issuer of securities. (2) The risks of investment in the securities. (3) The rights and obligations associated with the securities. (c) Information open for misinterpretation must not be included in the prospectus. Furthermore, no important fact shall be omitted from the prospectus. (d) The information proscribed in Schedule (1) of this regulation shall be included in the prospectus in accordance with (b) and (c) of this section. (e) Even though (d) of this section is stated as is, the Authority may permit the omission of information from the prospectus under the following circumstances. <ul style="list-style-type: none"> (1) If the company is listed on the stock exchange, or where securities were priorly issued under this regulation; |

- (2) Where a company is issuing securities for the first time, if the securities are being offered to entities which have bought securities in the same category;
 - (3) If the investors have been provided up to date information to the extent specified by this section.
- (f) Even though (d) of this section is stated as is, if a complete prospectus for the sale of securities in the same category or a different category within a maximum of 6 (six) months from offering of securities, the prior prospectus may be resubmitted incorporating the changes, incurred within the period, affecting the value of the securities.
- (g) For the purpose of (f) of this section, “complete prospectus” shall be interpreted to be a prospectus incorporating the information specified in Schedule 1 of this regulation (apart from information omitted with approval from the Authority).
- (h) Information shall be included in the prospectus in a manner which is as easy to locate and comprehend as possible.
- Shelf Prospectus 6. (a) Entities proposing to issue securities, may submit a shelf prospectus to the Authority and register it.
- (b) An entity which has submitted a shelf prospectus will not have to submit a new prospectus for 365 (three hundred and sixty-five) days from the date of submission of said prospectus. However, each time or round where securities are issued, a document incorporating the details of the securities and the changes to the information contained in the shelf prospectus must be submitted.
- Experts’
Statements 7. (a) Experts’ statements can only be included in a prospectus subject to the following.
- (1) The expert shall not hold equity in the company submitting the prospectus;
 - (2) The expert shall not have been involved in the operation of the company at any point in time;
 - (3) The expert shall not have conflict of interest.
- (b) Consent, with reference to the circumstances involved in the issuance of the statement, shall be obtained in writing prior to inclusion of the statement in the prospectus. The prospectus shall state that consent was obtained and said consent was not withdrawn. Furthermore, the consent must not have been withdrawn prior to submission of the prospectus to the Authority.
- Financial
Statements and 8. (a) Where the issuer of securities is a parent company, this section refers to financial statements inclusive of consolidated financial statements and separate unconsolidated financial statements.
- Reports (b) The prospectus submitted for offering of securities for sale shall include the following.
- (1) Financial statements of the issuer for the preceding 2 (two) years;
 - (2) Declaration of the directors of the securities issuer stating that the financial statements were prepared in accordance with the Companies Act (10/96) and this regulation, and that the directors will bear responsibility for the validity of the statements;
 - (3) Audit report;

- (4) Consent from the auditors to include the audit report in the prospectus, declaration that the auditors will bear responsibility for the information stated in the report, declaration that the auditors have not received any further information which may impact the validity of the report or a statement declaring the inability of the auditors to make such a declaration.
 - (5) Declaration confirming the financial status as specified in (f) of this section;
 - (6) Declaration of Shariah advisor, where the securities being issued are Shariah compliant.
- (c) Where the issuer of securities has been in existence for less than 2 (two) years, and no other provision of this regulation has made an exception, financial statements for the preceding 1 (one) year shall be submitted.
- (d) Where the audited financial statements as specified under (b) and (c) of this section, are more than 6 (six) months old, approval for issuance of securities shall be granted as follows.
- (1) Preparation and submission of unaudited financial statements from the date of the audited financial statements to a date as close as possible to the offer date;
 - (2) The date of the audited financial statements may not exceed 9 (months) from the offer date where securities are offered publicly, and the date of the audited financial statements may not exceed 12 (months) from the offer date where the securities are issued upon invitation to specific investors;
 - (3) The date of the unaudited financial statements as provided for under (1) of this sub-section may not exceed 3 (three) months from the offer date.
- (e) Where the revenue generated from the issuance of securities is fully or partially utilised to acquire a business or company, directly or indirectly, and where the company being acquired through such a transaction becomes a subsidiary of the issuer of securities, the following reports of the company being acquired shall be submitted as well. Furthermore, the said reports shall have been prepared within 6 (months) from the offer date.
- (1) Audited financial reports (separate and consolidated) for the preceding 2 (two) years;
 - (2) Audit report of the company or business being acquired.
- (f) Declaration from the directors of the company issuing securities and directors of the company or business being acquired as under (e) of this section, with respect to the following information about company or business, for the duration from the date of the latest audited financial statements to a date not more than 14 (fourteen) days prior to the offer date; (with additional details where required)
- (1) The volume of business upheld by the company or said company's subsidiaries;
 - (2) Whether any circumstance or incident affecting the value of the business or assets indicated in the financial statements of the

company or subsidiary companies has occurred after the latest annual general meeting;

- (3) Whether the value of the current assets specified in the ledger of the company or subsidiaries is the value which will be realised from the sale of said assets under a business-as-usual scenario;
- (4) Whether a future liability will materialise from guarantee provided by the company or a subsidiary;
- (5) Whether any change has come to the reserves specified in the company or subsidiary's financial statements or whether a circumstance which might lead to a change in the reserves may have occurred.

(g) Originator's financial statements and declaration shall be submitted where securitised units are issued.

Advertising 9. An advertisement for the invitation for the sale of securities shall meet the following requirements.

- (a) Inaccurate or misleading information shall not be included.
- (b) The information being included shall be in accordance with the information in the prospectus registered under the provisions of this regulation.
- (c) The advertisement shall state whether the securities are offered publicly or not and shall include procedures for purchase of the securities.

Exemption 10. (a) Where the issuer of securities or an entity proposing to sell securities makes a request in writing the authority may grant approval to omit information mandated by this regulation to be included in a prospectus in the following scenarios.

- (1) Where the disclosure of the information is detrimental to society;
- (2) Where the information is of minimal value in determining the assets, liabilities, financial status, profit and loss and opportunities for development of the business of the issuer of securities;
- (3) Where the disclosure of the information may cause major losses to the issuer of securities.

(b) Where the authority decides to grant approval to omit mandatory information from a prospectus as in (a) of this section, the authority must have confidence that the omission of said information under the exemption will not lead to erroneous determination of facts or status.

(c) Even though this regulation mandates the inclusion of information about the issuer, the offeror may omit information relating to the issuer of securities in the following scenarios.

- (1) Where the seller is not the issuer of securities or where the seller has not entered a contract with the issuer;
- (2) Where the seller is not the issuer of securities, and the seller is not in possession of the information and the seller has been unable to obtain the information after attempting to do so.

Allotment of Securities 11. Securities may only be allotted to any entity where an offer has been received for the minimum stated amount.

- Collateral Towards Issuance of Debentures and Bonds
12. (a) The provisions of this section shall apply where debentures or bonds are issued as “secured debentures or bonds”.
- (b) Where the total or partial value of a security being issued is collateralised, the issuer of security or the parent company where the issuer is granted an exemption shall fulfil the following requirements.
- (1) The asset allocated for collateralisation with respect to the securities being issued shall be collateralised in accordance with the Mortgage Act (9/93), Maldives Land Act (1/2002) and other relevant legislation.
- (2) The value of the asset being collateralised shall be equal to or shall exceed the value of the securities being issued. Where the securities being issued are backed partially with collateral, the value of the collateral shall be 50 (fifty) percent or greater than the value of the securities.
- (3) All procedures related to the collateral shall be completed within 14 (fourteen) days from the allocation of securities.
- (c) The asset specified in this section shall be insured.
- (d) Where the debentures or bonds are backed by a sovereign guarantee, an exemption shall be granted for Sub-sections (a), (b) and (c) of this section.
- Appointment of Trustee in Relation to Debentures and Bonds
13. An issuer may appoint a trustee for the purpose of issuing debentures or bonds.
- Procedures to be Followed in Event of a Default
14. (a) The following shall be included in the bond issuance prospectus by an issuer of debentures or bonds.
- (1) That failure to meet deadlines for payment of principal and interest will be deemed to be a default;
- (2) That failure to make a payment starting from 50,000/- (fifty thousand) Maldivian Rufiyaa to another party or other parties, will be deemed to be a default towards the payment of debentures or bonds issued under this regulation (cross default);
- (3) Procedures to be followed in the event of a default.
- (b) Where the issuer of debenture or bonds is deemed to be in default with respect to said securities, investors and the Authority shall be informed immediately. The following actions may not be undertaken, for the duration of the default, unless the investor or the Authority decide otherwise.
- (1) Dividends, bonus stock or any other such assets shall not be distributed to shareholders.
- (2) Any material transaction or entering a contract related to such a transaction shall not be undertaken.
- (c) The Authority shall ensure that measures are undertaken for the repayment of investors while making any decisions under this section.
- Disclosures and Other Requirements
15. (a) Issuers of securities shall disclose information in accordance with the regulations on the continuing disclosures and obligations of issuers of securities.

- (b) Issuers of sukuk as securities, shall act in accordance with the regulation on issuance of sukuk in issuing sukuk.
- (c) Issuers of securities as a unit of a fund shall act in accordance with the regulations implement by the Authority on the registration and operation of investment funds.
- (d) Shareholders shall not be granted any dividends or any asset in lieu of dividends apart from henceforth undistributed dividends even where the issuer of securities may have a right to said profits.
16. (a) Approval shall be granted for a prospectus submitted to the authority subject to the payment of the following fees.
- (1) 35,000/- (thirty-five thousand) Maldivian Rufiyaa, where the securities are being offered publicly;
 - (2) 5,000/- (five thousand) Maldivian Rufiyaa, where the securities are not being offered publicly;
 - (3) In addition to the fees specified in (1) and (2) of this sub-section, where the security is an Islamic equity, the fees specified by the Authority's regulations regarding screening of Islamic securities.
- (b) Upon submission of additional documents, where requested by the Authority for the verification of the information in the prospectus.

Chapter 3

Public Issuance of Securities

- Offering of Securities for Public Issuance 17. (a) The provisions of this chapter apply where securities are offered publicly.
- (b) "Public issuance of securities" shall be interpreted as the issuance or sale of securities where specific entities are not invited to buy securities, and any entity is eligible to purchase said securities, and the ownership of the securities may be changed without prior approval from the issuer.
- Sale of Securities Publicly 18. (a) Only the following entities may issue securities publicly.
- (1) A public company;
 - (2) An investment fund;
 - (3) A SPE under a securitisation scheme.
- (b) Securities can be issued publicly in accordance with Maldives Securities Act (2/2006), where the issuer of securities is a company, the Companies Act (10/96), where the issuer of securities is a partnership, the Partnership Act (13/2011) and this regulation.
- (c) Where the securities are debentures and bonds and the securities are issued as "secured" debentures and bonds, the provisions of Section 12 of this regulation must be followed.
- (d) Where securitised units are issued, the following requirements shall be fulfilled.
- (1) The securities shall be issued by a special purpose entity;

- (2) Where the originator of the assets is not the government or an entity guaranteed by the government, the originator shall be a company registered in the Maldives;
 - (3) The securitisation scheme shall fulfil the requirements set forth in Chapter 5 of this regulation;
 - (4) Submission of the financial statements of the originator except where the originator is the government.
 - (e) Securities may only be publicly issued as a unit of a fund in accordance with this regulation and the regulations enacted by the Authority regarding the registration and operation of investment funds.
- Publication of Prospectus
19. A prospectus submitted to and registered by the authority shall be published at least 14 (days) prior to the date of offering of securities to the public, and the publication of the prospectus shall be announced via media channels.
- Listing and Transacting Securities
20. (a) An application shall be made to the stock exchange for the listing of securities and consent obtained prior to publicly offering securities.
- (b) Even though (a) of this section is stated as is, taking into consideration the characteristics of the securities, and where specific procedures are established to conduct transactions involving said securities, the Authority may exempt the issuer from the requirements specified in (a) of this section.
- (c) Publicly offered securities, shall be transferrable from one party to another without any prior approval, except under the following circumstances.
- (1) The securities have not been fully paid up;
 - (2) The securities are mortgaged or pledged.
- (d) Publicly issued securities shall be dematerialised and deposited with the securities depository.

Chapter 4

Issuance of Securities without Offering Publicly

- Issuance of Securities without Offering Publicly
21. (a) The provisions of this chapter shall be applied, unless otherwise specified in this regulation, for the issuance of securities without offering publicly, and where the securities are being proposed to be issued via the stock exchange to specific investors registered with stock exchange's private security segment.

Issuance of Securities to Selected Invitees Via the Stock Exchange

- (b) The invitation to purchase securities, without offering publicly, shall be offered via the special private securities segment of the stock exchange, to specific investors registered with the said special private securities segment of the stock exchange.
 - (c) Only entities with the capacity or resources to assess investment risks and make investment decisions shall register with the stock exchange, in accordance with the requirements of the stock exchange, for the purpose of investing, via the stock exchange, in securities offered to selective invitees.
22. (a) Only entities specified in this section can issue securities through selective invitation via the stock exchange.
- (1) A company;
 - (2) An investment fund;
 - (3) A SPE through a securitisation scheme.
- (b) Securities may only be issued by the entities in compliance with the following requirements, in accordance with the provisions of this chapter. Subsequently, under a securitisation scheme the originator shall fulfil the following requirements.
- (1) The entity shall have been in business for a minimum of 1 (one) year;
 - (2) The entity shall have a minimum of 1 (one) year's audited financial statements;
 - (3) No director or promoter of the entity may have been convicted of a criminal offence in the preceding 10 (ten) years;
 - (4) No director or promoter of the entity may have had their assets repossessed or be undergoing such action.
- (c) Where the proposed issuer of securities is micro or small enterprise as classified under the Small and Medium Enterprises Act (6/2013) and has been in operation for less than a year, the issuer may be exempted from (b) (1) and (2) of this section upon submission of the following documents.
- (1) Projected financial statements for the following financial year;
 - (2) The assumptions and decisions forming the basis of the financial statements stated in (1) of this sub-section.
- (d) Even though (b) of this section is stated as is, where a licensed fund manager creates and operates a fund and where securitised units are issued, only the SPE may be exempted from the provisions of this section apart from (b) (3) of this section.
- (e) Where the securities are debentures or bonds and the securities are guaranteed by the government, exemption shall be granted from the provisions of this section apart from (b) (3) of this section.
- (f) Even though (b) of this section is stated as is, taking into consideration the situation and severity of the criminal offence, leniency may be granted towards the provisions of (b) (3) of this section.

Submission of Prospectus

23. For the issuance of securities under the provisions of this chapter, a prospectus shall be submitted in accordance with this regulation, the prospectus shall be approved and shared with the entities being invited to invest.

- Requirements for Issuance of Shares
24. The following requirements shall be fulfilled where ordinary shares are being issued in accordance with this chapter.
- (a) Where the issuer is a private company, shares may be issued to a maximum of 50 (fifty) entities.
 - (b) Decisions requiring approval by a shareholder vote shall be specified in the memorandum of association or essential documentation.
- Criteria for Issuance of Debentures or Bonds
25. (a) Where debentures or bonds are issued in accordance with this chapter, and where this section does not specify otherwise, the issuer's "asset cover ratio" and "debt service ratio" shall at a minimum meet the following criteria.
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| (1) Proposed capital being raised up to 2 (two) million Maldivian Rufiyaa | Asset cover ratio = 1 |
| | Debt service ratio = 1 |
| (2) Proposed capital being raised is greater than 2 (two) million Maldivian Rufiyaa | Asset cover ratio = 1.5 |
| | Debt service ratio = 1.5 |
- (b) Even though (a) of this section is stated as is, where debentures or bonds being issued are backed by collateral, and the value of the asset is in proportion as follows with the capital being raised, the asset cover ratio and debt service ratio shall be in accordance with the criteria set forth in this sub-section.
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| (1) 100% (one hundred percent) or greater | Asset cover ratio = - |
| | Debt service ratio = 1 |
| (2) Between 50% (fifty percent) and 100% (one hundred percent) | Asset cover ratio = 0.5 |
| | Debt service ratio = 1 |
- (c) Where the issuer of securities is a subsidiary of another company (parent company), and where the parent company fulfils the criteria in (a) and (b) of this section, and the securities are guaranteed by the parent company, securities may be issued even where the aforementioned criteria is not fulfilled by the issuer of securities.
 - (d) Even though it is specified otherwise in this section, where the issuer of securities is a government institution, the criteria shall be deemed to be fulfilled where the debt service ratio exceeds 1 (one).
 - (e) Where the securities being issued are guaranteed by the government, leniency may be granted subject to the terms of the guarantee.
 - (f) Where debentures or bonds are being issued as "secured" debentures or bonds, the provisions of Section 12 of this regulation shall apply.
 - (g) The ratios specified in this section shall be calculated using the following formulae.
 - (h) Asset cover ratio = (total tangible assets – short term liabilities) / total outstanding debt
 - (i) Debt service ratio = net operating income / debt service
- Credit Rating and Bond Repayment Insurance
26. (a) Leniency may be granted towards the criteria specified in Section 25 of this regulation where the issuer of debentures or bonds has obtained a credit rating for the securities being issued and submitted said rating with the prospectus, subject to the rating and issuing agency being taken into consideration.

- (b) The issuer of debentures or bonds may insure repayment of said debentures or bonds with an insurance company registered in Maldives. Where repayment of debentures or bonds have been insured, leniency may be granted towards the criteria specified in Section 25 of this regulation subject to the value of the insurance.
- Issuance of Securitised Units 27. (a) The following requirements shall be fulfilled where securitised units are being issued in accordance with this chapter.
- (1) The issuer of securities shall be a special purpose entity;
 - (2) Where the originator of assets is not the government, nor an entity guaranteed by the government, the originator shall be a company registered in the Maldives;
 - (3) The assets being securitised shall fulfil the requirements specified in Chapter 5 of this regulation.
- (b) The originator's financial statements shall be submitted except where the originator is the Maldivian government.
- Issuance of Fund Units 28. Where a unit of a fund is being issued, the fund shall be registered with the Authority.
- Listing and Facilitation of Securities Transactions 29. (a) The issuer of securities in accordance with this chapter, shall list with the qualifying segment of the stock exchange and make arrangements for the transactions of the securities that they are issuing in accordance with this regulation.
- (b) The stock exchange must be informed of all transactions of securities, issued in accordance with this chapter, completed outside the stock exchange. Furthermore, the disclosure of information about these transactions to investors shall be facilitated.
- (c) Even though (a) of this section is stated as is, micro and small enterprises registered under the legislation on small and medium enterprises, shall be exempted from the provisions of (a) of this section for the current financial year and the following 3 (three) financial years.
- (d) Even though (a) of this section is stated as is, where the issuer of securities is a private company, and the securities being issued by the company are ordinary shares, an exemption shall be granted from (a) of this section.
- Disclosure of Information to Investors 30. (a) Entities listed with the private securities segment of the stock exchange in accordance with Section 29 of this regulation shall disclose information to investors in accordance with Section 15 of this regulation. The contents of Schedule 4 of this regulation shall be included in the disclosure of information.
- (b) Even though Section 15 of this regulation is stated as is, where securities are issued in accordance with this section, where information required by this regulation is biannually disclosed to entities who have invested in securities, in accordance with procedures set forth by the stock exchange, shall be deemed to have disclosed information to investors in accordance with this regulation.
- Miscellaneous Requirements 31. (a) Securities issued under this chapter apart from ordinary shares of private companies, non-paid-up securities, and mortgaged or pledged securities shall be capable of being transferred from one entity to

another without prior approval. Furthermore, this shall be specified in the securities' creation documentation and prospectus.

- Delisting with Stock Exchange and Application to be Removed from Compliance with Regulation on Disclosing Information
32. (a) The shares of the issuer of securities, or in securitisation of the originator's promoter, may only be transferred 5 (five) years after the latest issuance of shares, or after buying back all issued securities, or where the securities are debentures or bonds after repaying the entirety of the principal and interest amounts.
- (c) Securities shall be issued in accordance with this chapter dematerialising depositing with the securities depository.
- (a) The mandate of complying with this regulation and the Regulation on Continuing Disclosures and Obligations of Issuers (2019/R-1050), on an issuer of securities in accordance with this chapter, shall come to an end upon the issuer redeeming all issued securities in accordance with the documentation on issuing securities, where the issuer of security wishes to stop complying with Sections 29 and 30 of this regulation.
- (b) Even though (a) of this section is stated as is, the mandate of complying with this regulation and the obligations of an issuer of securities on disclosing information to investors shall come to an end where the term of issued securities has ended and the obligations of the issuer with respect to said securities have been fulfilled.

Chapter 5

Issuance of Securitised Units (Securitisation)

- Application of the Provisions of this Chapter Interpretations
33. Entities issuing securitised units shall act in accordance with this chapter.
34. For the purpose of this chapter the followings terms and phrases shall have the following interpretations.
- (a) In relation to a scheme "asset" shall be interpreted as all types of assets inclusive of an investment in real estate.
- (b) In relation to a securitisation scheme "asset pool" shall be interpreted as all assets allocated to an SPE for securitisation inclusive of surpluses and other receivable assets or monies.
- (c) "Buy back option" shall be interpreted as the right given to an originator to repurchase assets transferred to a SPE.
- (d) "Credit enhancement" shall be interpreted as other arrangements for payment to reduce the chance of defaults or non-payment of profits due towards issued units (return).
- (e) "Originator" shall be interpreted as the entity which allocates or transfers assets to be securitised to a SPE.
- (f) "Scheme" shall be interpreted as the structure and arrangement made for the issuance of securitised units in accordance with the regulations.
- (g) "Securitisation" shall be interpreted as the allocation or transfer of an asset to a SPE for the purpose of distributing to investors, investing in units of the SPE, profits or monies generated by said asset.

- (h) "Securitized units" shall be interpreted as securities issued in accordance with (7) of this section.
 - (i) "SPE" shall be interpreted as a company or partnership for the purpose of allocation or transfer of assets being securitized.
 - (j) "Promoter" of an SPE shall be interpreted as the creator or creators of an SPE.
- Securitisation of Financial Assets 35. (a) Amongst financial assets, securitized units of mortgages, loans, and financial lease securities may only be issued where the originator is a licensed bank or a financing company or a leasing company.
- (b) Where financial assets are being securitized, the value allotted for securitisation shall not exceed 80% (eighty percent) of the estimated market value of the asset.
- (c) The value of the securitized asset shall not be less than 120% (one hundred and twenty percent) of the principal amount outstanding on the units. Furthermore, sufficient financial assets should be allocated to the scheme to ensure that this proportion is maintained.
- (d) The following financial assets may not be securitized.
- (1) Mortgages or finance leases of the following assets;
 - (1.1) Vacant land
 - (1.2) Incomplete portions of structures
 - (2) Loans deemed to be "non-performing loans".
- Due Diligence of Authority with Respect to Securitisation Schemes 36. The following shall be considered by the Authority in granting approval for schemes to issue securitized units.
- (a) The track record of the promoter and its directors, and whether they comply with the Authority's fit and proper standards.
- (b) The objectives of the entity and other information relevant to the composition of the board of directors.
- (c) Whether the SPE is being operated in accordance with this regulation or was formed in a manner conducive to being operated in accordance with this regulation.
- (d) The type and quality of the asset being securitized.
- Non-Permissible Contents of a Securitisation Documentation 37. Any clause which may be interpreted as follows may not be included in the securitisation documentation.
- (a) Elimination or reduction of an originator or promoter's obligation in relation to the scheme or investors rights.
- (b) Omission, obstruction or limitation of any provision of legislation or this regulation.
- (c) Indemnification against any loss suffered by investors due to the negligence of a promoter of a SPE, or negligence of an originator, or an action taken, or an action not taken.
- Actions Non-Permissible for a SPE 38. SPEs shall act in accordance with the following requirements.
- (a) Monies may not be obtained from issuance of debt or securities apart from the issuance of securitized units.
- (b) A SPE may only be dissolved pursuant to the payment of the value of the issued units. Otherwise, the units may be written off in accordance with the procedures set forth while issuing the units.
- (c) Activities apart from those related to securitisation may not be undertaken.

Allocation or
Transfer of Assets
to a SPE and
Management

39. (a) The following obligations shall be fulfilled by the
The promoter and originator of a SPE shall be obliged to fulfil the following requirements with respect to assets allocated to or transferred to said SPE.
- (1) Ensuring that the originator owns all rights with respect to the asset, the income being generated by the asset, and the future income to be generated by the asset, prior to securitisation;
 - (2) Ensuring that there is no barrier to the allocation or transfer of all rights related to the asset to another party, and that such action shall not be in contravention to any law or any other agreement, and that such action shall not be actionable under any law or another agreement;
 - (3) Ensuring that the asset being securitised can generate sufficient profits;
 - (4) Ensuring that the value of the asset was determined in accordance with a business-as-usual scenario where two unrelated parties conduct a real business transaction and that the value is one which will be realised upon the sale of the asset;
 - (5) Acting in accordance with the warranties and representations given by the originator with respect to receivable surpluses or monies;
 - (6) Ensuring that the asset fulfils the following requirements where the asset is a financial asset;
 - (6.1) Receipt of consent and approvals from the originators for the transfer of receivables or receivable surpluses to the SPE.
 - (6.2) That the party liable for making payments towards the asset has no right to set off any monies receivable from the asset, and that the originator has not taken any action which might create a liability towards such a right or undertaken any inaction resulting in the same.
 - (6.3) Transfer of allocation of receivables or receivable surpluses to the SPE and implementing measures necessary to ensure that the SPE has the legal right to obtain those monies.
 - (6.4) Buy back of assets without resulting in a loss to investors or allocation or transfer of replacement assets to the SPE where the value of the assets depreciates beyond the requirements set forth in this regulation.
- (b) The SPE shall be an entity which will be isolated from undesirable financial effects resulting from the insolvency, or repossession of assets, or dissolution of the promoter or originator or any other entity.

Management of
Assets Allocated
to SPE

40. The originator of the assets shall be obliged to manage, obtain receivables from the assets, and undertake the distribution or allocation of profits to investors, of assets allocated to a SPE.

Prospectus for
Issuance of
Securitized Units

41. All the contents of Schedule 1 of this regulation shall be included in a prospectus for the issuance of securitized units.

- | | | | |
|---|----|-----|--|
| Continuing Disclosure Information Accounts and Records of the SPE | of | 42. | The SPE shall disclose information in accordance with the regulations. |
| Winding-up Scheme | of | 43. | <p>(a) The SPE shall maintain records and accounts depicting an accurate and unbiased perspective of the assets, liabilities, profits, and losses with respect to the scheme in accordance with the obligations for disclosing information set forth in this regulation, without contravening the Companies Act (10/96), the Partnership Act (13/2011) and other relevant laws.</p> <p>(b) The SPE shall further maintain other documentation and records such as the registry of investors in securitised units.</p> |
| Rights of Investors | of | 44. | <p>A scheme maybe wound-up in the following circumstances.</p> <p>(a) The securitised units are bought back in accordance with the scheme documentation.</p> <p>(b) The expiry of the legal term specified in the criteria for issuance of units. However, a scheme may only be wound-up subject to the acting with respect to the assets of the scheme in the manner prescribed by the scheme’s formation documentation.</p> <p>(c) With consent of the Authority, by a special resolution as provided for by the Act, where the decision to wind-up the scheme is made by a vote amongst investors.</p> |
| Issuance of sukuk | of | 45. | <p>(a) The prospectus and the scheme formation documentation shall state that all the beneficial rights of the assets allocated to the scheme shall remain with the investors who purchase units.</p> <p>(b) The criteria of the units may only be amended, subject to the passing of a special resolution by investors pursuant to a 21 (twenty-one) day notice given to investors regarding the proposed changes.</p> <p>(c) Even though (b) of this section is stated as is, the Authority may halt the amendment of the criteria of units where, the Authority receives a written complaint from an investor or any other party. However, the Authority may act in this manner only where the Authority believes that the proposed amendment is fundamentally damaging to the investors.</p> |
| Resolving Issues and Clarifications | of | 46. | <p>(a) Where the securitised units being issued are stated to be “sukuk” securities, all the provisions of regulations enacted by the Authority on issuance of sukuk shall apply.</p> <p>(b) Where this regulation contravenes with regulations enacted by the Authority on issuance of sukuk, the regulations enacted by the Authority on issuance of sukuk shall have precedence.</p> |
| Resolving Issues and Clarifications | of | 47. | The Authority may issue guidelines with instructions on acting in accordance with a provision of this regulation or part of a provision or with respect to the following. |

Chapter 6

Miscellaneous Provisions

- (a) Procedures for listing, delisting, conducting transactions, and settlement of transactions, of securities issued to specific invitees via the stock exchange.
 - (b) The requirements for the electronic platform for issuing securities, disclosing of information by issuers of securities, and conducting transactions of securities issued to specific invitees via the stock exchange.
 - (c) Procedures for electronic submission of invitations to purchase securities, bidding, price determination and allotment.
 - (d) Guidelines may be issued for clarifying procedures related to sukuk securities, securitised units, fund units, and issues related to the implementation or interpretation of this regulation.
- Leniency Towards the Requirements Set Forth by this Regulation 48. (a) With the objective protecting investors' rights, or with the objective of promoting the securities market, leniency may be granted towards a single requirement or multiple requirements of this regulation in the following circumstances.
- (1) Where the requirement is procedural;
 - (2) Where the information required to be disclosed or the set requirement is not applicable to a specific sector or specific type of company or entity;
 - (3) Where the regulatory requirement is unfulfilled due to circumstances beyond the control of the issuer of securities;
 - (4) The authority may grant leniency towards a requirement or multiple requirements set forth by this regulation under a "sandbox regulatory framework" introduced under the Act.
- (b) A written submission, stating the details and justifications for applying for the leniency, where a leniency is sought for under (a) of this section.
- Disclosure of Information 49. The issuer of securities, or promoter of said issuer, or originator of assets shall disclose information to the Authority, where the Authority requests for further information with respect to issuance of securities, or with respect to the securities, or with respect to information required to be disclosed to investors.
- Inspection 50. (a) The issuer of securities, or promoter of said issuer, or originator of assets shall facilitate the inspection of relevant books where the Authority requests such an inspection for a reason specified in this section.
- (b) For the purpose of (a) of this section, the following shall be deemed to be reasonable causes.
- (1) Ensuring that the issuer of securities' books is kept properly;
 - (2) Ensuring that the securities are being issued in accordance with the laws and regulations;
 - (3) Clarifications with respect to complaints regarding issuance of securities;
 - (4) Where an obligation has been placed upon a SPE for the protection of investors or to ensure the safety of the securities market, to verify that relevant measures are being implemented;
 - (5) To ensure that securitisation is being conducted in accordance with the laws and regulations.

Mandatory Contents of a Prospectus

Title: Invitation for the issuance of (quantities of securities being issued) (classification of securities) by (issuers name)

Date:

Section Contents

Section 1 – Important notices

Section 2 – Information about issuer of securities

Section 3 – Information about invitation

Section 4 – Information about securities being proposed

Section 5 – Additional information about issuer of securities

Section 6 – Financial information

Section 7 – Declarations

Section 8 – Additional information / attachment

Section 1 – Important Notices

- 1.1. "This prospectus has been filed and registered with the Registrar of Companies and Capital Market Development Authority on (date) in accordance with the Maldives Securities Act (2/2006) and the Companies Act (10/96) or where the entity is a partnership the Partnership Act (13/2011)."
- 1.2. "The Capital Market Development Authority and the Registrar of Companies will not hold any liability whatsoever, with respect to any losses suffered due to the information contained within this prospectus or any attached document. Further to this, all liabilities towards the information contained within the prospectus shall be borne by the issuer of securities, or where a document specifies a specific party, said party."
- 1.3. "It is recommended that advice and counsel is sought from a party licensed under the Act, or a party with experience in investing in stock or with respect to securities, where any clarification is required with respect to the information contained within this document."
- 1.4. Where securities are not being issued publicly, declaration of said fact and statement declaring that securities being offered privately are comparatively risky, and that investment in such securities shall be undertaken by parties with the capacity to determine the risks involved in the securities by

assessing the financial statements of the issuer, information about the issuer, the business of the issuer, and make investment decisions based on assessment as described priorly, and be capable of bearing any financial losses suffered due to such risks.

2. Section 2 – Information About Issuer of Securities

- 2.1. Name, registration number, registered date, TIN number, country of registration, legal status, office address, contact persons, website, email, phone number and fax number
- 2.2. Paid up capital
- 2.3. Laws and regulations specifically applicable on the business of the company
- 2.4. Summary of the provisions of the incorporation documents specifying the objectives of the entity
- 2.5. Where the entity is a group, summary description of the group
- 2.6. Where the entity is controlled by another entity, details of the controlling entity
- 2.7. Information about parties affecting or capable of affecting the decisions of the issuer of securities either directly or indirectly, the quantity of votes controlled by such parties, details of voting capital, names of such parties, and percentage of shares controlled by such parties along with the following statement:

“I, as a director of (name of issuer of securities), confirm to the best of my knowledge, that apart from those stated above, there are no further parties affecting or capable of affecting the issuer either individually or collectively.”

(1) The issuer of securities’

- (i) Quantity of shares issued currently, quantity of paid-up shares, amount received (separately for each category)
 - (ii) Quantity of listed securities and securities issued without listing, quantity of paid-up securities, amount received (separately for each category)
 - (iii) Debt securities, details of loans and other liabilities (inclusive of date, lender, amount, and maturity date)
 - (iv) Major contracts entered by the issuer of securities and its subsidiaries within the 2 (two) years prior to the date of the prospectus, apart from business-as-usual transactions, including the other parties in the contracts, dates, and summaries.
- 2.8. Name and address of proposed seller of securities (where the seller is different from the issuer of securities)
 - 2.9. Audit reports, and name and address of auditors
 - 2.10. Name of directors, designation/status
 - 2.11. Additional information specified in Section 5
 - 2.12. Parties responsible for prospectus, their names, addresses, designations, and responsibilities
 - 2.13. Inclusion of the following declarations:
 - (i) Where securities are being issued publicly Schedules 2 and 3
 - (ii) Where securities are being issued to specific invitees via the stock exchange, Schedules 3 and 4

3. Section 3 – Information about Invitation to Purchase Securities

- 3.1. Date of publication of prospectus

- 3.2. Names and addresses of underwriters, payment receiving agents, and agents delivering or registering securities
- 3.3. Duration for application to purchase securities or duration for issuance
- 3.4. Proposed quantity of securities and price (or mechanism for establishing price)
- 3.5. The procedure and duration for making payments towards the securities
- 3.6. Procedure and duration for delivering the securities
- 3.7. Procedures concerning subscription payments prior to delivery of securities
- 3.8. Procedures concerning rejected applications (refund process and timeline).

4. Section 4 – Information About Securities Being Proposed

4.1. The following information about the securities

- (i) Type of securities and class

4.2. The following rights associated with the securities

- (i) Where the securities being issued is equity, the following information:

1. Voting rights
2. Dividend rights
3. Return of capital pursuant to winding-up of issuer
4. Date of ownership of dividend / record date
5. Redemption right
6. Other rights
7. Summary of how rights can be amended
8. EPS, CFPS, net asset per share
9. Dividend policy
10. The amount disbursed each year as dividends over the past 5 (five) years
11. Where the issuer expects dividends to be disbursed over the next 2 (two) years
12. Expected dilution of shares pursuant to the issuance of shares
13. Amount of issued securities which are capable of being converted into stock, issued date, details, value, number of shares it will be converted to, conditions for conversion and prerequisites for conversion.
14. Additional information specified in Section 5

- (ii) Where the securities being issued are debentures, bonds or comparable instruments, the following information:

1. Right towards interests (or equivalent), right to principal repayment
2. Date of accrual or ownership of interest (or equivalent)
3. Whether issuer is subject to a debt ceiling
4. Listed securities, unlisted securities, issued date, and details, apart from ordinary shares of the company
5. Valuation and details of the security or collateral
6. Seniority of the instruments being issued
7. Events of default
8. Events of cross default
9. Procedures to be followed when deemed to be in default
10. The proportion to be held for the following ratios, for the term of the securities:

- a. Debt to equity ratio = Total long-term debt / total equity
- b. Fixed charge coverage ratio = (earnings before interest and tax + fixed charge before tax) / (fixed charge before tax + interest)
- 11. The details, obligations, and responsibilities of a trustee, where a trustee has been appointed
- 12. Details of credit rating
- 13. Where any form of insurance has been taken in relation to the securities, details of said insurance
- 14. Where a call or put option is applicable, details of said option
- (iii) Where securities which can be converted into stock is being issued, the following information:
 - 1. The following information about the securities being issued:
 - a. Name of securities being issued
 - b. The securities which will be converted and the date of conversion
 - c. The conditions for receipt of converted securities and the procedures to be followed to acquire said securities
 - 2. The following information about currently issued securities capable of being converted:
 - a. Issued date
 - b. Details of securities
 - c. Quantity
 - d. Quantity of securities to be converted into
 - e. The procedures for conversion
 - 3. All the contents of Section 4.2 (i)
- (iv) For the issuance of securitised units (inclusive of sukuk), the following information:
 - 1. Details of the asset being securitised (value, valuation procedure, composition, revenue generation methods, any condition where such exists, origin of asset, type of asset)
 - 2. Allocation of alternatives assets to those which default, impair or are redeemed
 - 3. Name of originator, registered office address, phone number, fax number, contact person, website address, and email address
 - 4. Name of securitisation scheme
 - 5. Estimated maturation duration, coupon/dividend, and profit and its ratings
 - 6. Quantity, type, value, and total amounts of the units being issued
 - 7. Schedule for issuance of securities
 - 8. Objectives for raising finance and short summary of how the finance will be utilised
 - 9. Summary on the characteristics of the units being issued
 - 10. Names of the parties involved in the securitisation transaction (originator, issuer of securities, credit enhancement provider, liquidity facility provider, depository, principal underwriter, and collection and payment account bank)
 - 11. Estimated dates for interest/dividend/profit and principal/redemption payments
 - 12. Estimated maturity date
 - 13. Date of end of legal term of scheme
 - 14. Whether a redemption option is offered
 - 15. Whether the option for extension or reduction of the term of the scheme exists
 - 16. Whether the option to end the scheme pursuant to prepayments exists

17. Whether there is liquidity support
18. Statement of whether cash flow, revenue, or payment receipt terms will be allocated
19. Summary term sheet inclusive of the following: issuer, originator, trustee, property, initial contribution, size, fees, whether credit enhancement is available, buy-back option, listing, rating, day count convention, estimated yield, payment schedule, details of transaction documentation
20. Structure of transaction; showing revenue generation from the assets included in the transaction and return of the principal amount
21. Declarations
 - (v) Where sukuk is being issued, the following information
 1. Name of sukuk, type of contract being utilised, and size and duration of sukuk
 2. Diagram depicting the structure of the sukuk
 3. Profit/coupon/rent/rate and frequency
 4. Details of security or collateral
 5. Primary and additional methods of repayment
 6. Copy of credit rating (if available)
 7. Covenants, prerequisites for transaction, representations, warranties
 8. Events of default
 9. Events for enforcement
 10. Early redemption of sukuk units
 11. Repurchase arrangement of sukuk units
 12. Dispute resolution provisions
 13. Where a special approval has been granted by the authority in accordance with permitted shariah principles, such approval
 14. Additional information regarding sukuk
 15. Information and declaration of shariah advisor
 16. Name and contact number of person responsible for overseeing the issuance of sukuk
 17. Permits from relevant authorities
 18. Date and name of trustee, where a trustee has been appointed
 19. Trust deed where a trustee has been appointed
 20. Financial statements
 21. Additional information requested by CMDA in relation to the type of sukuk
 - (vi) Date for recording the registration of investors for disbursing dividend, interest, or sukuk payments
 - (vii) Other rights associated with the securities being issued
 - (viii) Procedures for transferral for rights associated with the securities
 - (ix) Procedure for exercising the pre-emption right associated with the securities
- 4.3. Whether the securities can be sold or transferred from party to another and whether there are any barriers or restrictions to doing so
- 4.4. Details about listing – The procedures for transfer or ownership of securities or transacting with securities where an application for listing has not been made
- 4.5. The permit received for the issuance of securities / how the permit was obtained

4.6. Objective for raising finance

4.7. The quantity of securities being offered for purchase

4.8. Details of the finance being raised inclusive of the following

- (i) Estimated total amount of finance being raised
- (ii) Amount being offered as a benefit or commission for the sale of securities or agreeing to purchase securities, indicative of the payer and payee
- (iii) Other costs associated with the issuance of securities, indicative of amounts, payer, and payee
- (iv) Estimated net amount received after deduction of costs

4.9. Proposed expenditure of the finance being raised, inclusive of the following

- (i) Capital expenditure
- (ii) Repayment of debt
- (iii) Takeover of another company or business
- (iv) Other investments (with details)
- (v) Working capital
- (vi) Miscellaneous (with details)

4.10. The following additional information on utilising the raised finance (where the securities are being issued directly by the company)

- (i) The minimum amount required for the following
 1. The amount required if for acquiring a specific asset, the amount of finance raised from issuance of securities to be allocated for said transaction, other amounts to be utilised for said transaction, and the payee.
 2. Amount of commission to be paid for subscription or agreement to facilitate subscriptions, other expenses associate with issuing securities, the amount of funds raised from issuing securities to be allocated for such expenses separately, other funds to be utilised, and the payees.

5. Section 5 - Additional Information About Issuer of Securities

5.1. Information on management and administration – introduction of board of directors and management

- (i) Organisational structure and responsibilities
- (ii) Remuneration policy for directors and senior management
- (iii) Information on internal audit function
- (iv) Risk management functions and extent

5.2. Details of any cases, with respect to the issuer of securities or a member of the group where the issuer is a part of the group, ongoing in court or arbitration, or cases which have the possibility of being submitted for resolution as such, and which has the potential to affect the financial status of the company

5.3. Details of existing business, investment, and risks

5.4. Core businesses and the occurrence of any events which may have affected said businesses

5.5. Information about key customers, suppliers, patents, other intellectual property rights, licenses, or contracts which are important to the business of the issuer of securities or where the business is dependent on such an aspect

- 5.6. List of factors which might contribute to the full or partial loss of an investor's investment in the securities, starting from key facts and the most relevant risks to be considered by the investors (example: such as untested products, cash flow or liquidity issues, dependency on specific suppliers or customers, inexperienced management, type of business, lack of trading market)
- 5.7. Information on key investments being undertaken or decided upon
- (i) Key changes to the business and current status
- 5.8. Events and circumstances which have occurred since the end of the most recent full financial year, which has a bearing on the business
- 5.9. Projections on business development opportunities and financial opportunities of the issuer of securities for the ongoing financial year.
- 5.10. Where a projected profit has been stated in the prospectus, the assumptions forming the basis of the projections (inclusive of the commercial assumptions)
- (i) Information about the board of directors (where shares, debentures/bonds are being issued)
 - 1. Details of employment contracts or service contracts between directors of the issuer of securities and the issuer of securities or a subsidiary of the issuer, or proposed employment or service contracts which will expire within 1 (one) year (apart from contracts which can be terminated without compensation); inclusive of the following, (a) director's name (b) details of contract (individually for each director; or the absence of such a contract were applicable)
- 5.11. "I, in my capacity as a director of (entity name), confirm that the company is not encumbered with any contract beyond those specified in (section number)."
- 5.12. Total compensation and benefits awarded to each individual director in the preceding financial year
- 5.13. Total compensation and benefits projected to be awarded to each individual director and proposed directors in the ongoing financial year
- 5.14. The interest of the directors in the capital of the issuer of securities, inclusive of the following: (a) name of the directors (individually), (b) date of appointment to board, (c) interest in capital, (d) type (beneficial or non-beneficial), with the following statement.
- (1) "We, in our capacity as directors of (name of entity), confirm that the directors have no further interest in the capital of the company beyond that specified in (section number)."
 - (i) Where a director has a material interest in the entity through a contract, the details of the contract or arrangement and the following negative statement with respect to the director's interest:
 - (ii) I, in my capacity as a director of (name of entity), confirm that no contract or arrangement with respect to the material interest of a director in the company exists, beyond that specified in (section number).
 - (iii) The following information of directors, proposed directors and key administrative, management or supervisory personnel – (a) name, (b) role/designation, (c) experience/educational qualifications, (d) other directorships, (e) relationship with other directors

Section 6 – Financial Information

1. Statement of profit and loss
2. Statement of financial position
3. Statement of cash flows
4. Statement of changes to equity
5. Notes to financial statements

Section 7 – Declarations

Section 8 – Additional Information / Attachments

1. Letter, opinion, report
2. Declarations specified in schedules
3. Consent letters
4. Miscellaneous

Schedule 2

Declaration of the Directors of the Issuer of Securities

1. I, in my capacity as a director of (name of company), state and declare the following:
 - (i) This prospectus or offer document has been drafted in accordance with the Companies Act (10/96), and in the case of a Partnership, the Partnership Act (13/2011), the Maldives Securities Act (2/2006), and regulations, and I bear full responsibility for the information contained in this prospectus.
 - (ii) I declare that the information contained in this prospectus, is accurate and factual, and is based on information that I have acquired and is in accordance with my beliefs and clarified to a reasonable extent.
 - (iii) I declare that no information has been omitted in providing the information, such that the provided information may be misleading.
2. I, in my capacity as a director of (name of company), declare that I will respect and uphold the obligations on disclosures and other obligations set forth by regulations on issuance of securities, and I declare that I will provide any additional information required for gaining approval for a prospectus.
3. I declare that the company or the current directors of the company fulfil the following requirements, apart from the exemptions provided for in the declaration.
 - (i) The person has not been convicted of charged with in a court of law of the criminal offences of robbery, fraud or embezzlement in the 10 years preceding the date of the declaration.
 - (ii) The person has not had any action taken against them by a stock exchange for violation of the stock exchange's listing rules.
4. I declare that I will abide by the disclosure obligations and other obligations applicable due to the issuance of securities, in accordance with the regulations.
5. **Confirmation of Financial Status**
 - (i) I declare that the latest statement of financial positions shall be dated (at maximum within 14 days preceding the publication of the prospectus) and, for the duration in between, the following are as stated.
 - (ii) The business of the company and subsidiaries have been reasonably maintained;
 - (iii) In my opinion no event or circumstance has arisen, which might contribute to the depreciation of the value of the companies' business or assets, after the date of the latest financial statements;
 - (iv) The value of the company and subsidiaries' assets, stated in the financial statements are reflective of the true value at which the asset can be sold in a business-as-usual scenario;
 - (v) No liability will arise from any guarantee provided by the company or a subsidiary;
 - (vi) The reserves stated in the audited financial statements of the company or subsidiaries have not changed, or that an out of the ordinary event or circumstance has not occurred which might reduce the profitability of the company;

- (vii) Where additional details are to be provided with respect to the information stated in Numbers (1) to (5), the details are stated in Schedule (number) of the prospectus.
- (viii) That the company is a going concern / no reason to believe that the company may face insolvency in the near term.

6. **Declarations to be Submitted for the Issuance of Securitised Units**

- (i) I, _____, in my capacity as a director of (the name of the company where the originator is a company) take responsibility for entirety of the information contained in this prospectus. I further declare that the information contained in this prospectus, is accurate and factual, and is based on information that we have acquired and is in accordance with our beliefs and clarified to a reasonable extent, and no information was omitted as to make the information misleading in any form.
- (ii) I declare that the company is a going concern / that there is no reason to believe that the company may face insolvency in the near term.
- (iii) To the extent of my belief, I declare that the asset being securitised will generate sufficient income to cover the obligations associated with the securitised units.

Schedule 3

Report of Directors in Declaration (Where Additional Information is Required for Confirmation of Financial Status)

Director's name	Designation	Signature	Date

Schedule 4

Shariah Advisor(s) Declaration

I, (name), in my capacity as a Shariah advisor, declare that the (name of Islamic securities / sukuk) as set forth in this prospectus, under a Shariah transaction and in accordance with Shariah principles, is a Shariah compliant proposal, and the Islamic securities / sukuk being presented under this offer, and their structure and mechanism is Shariah compliant.

This declaration was made based on the information that I have received and upon my beliefs.

Schedule 5

Corporate Governance and Compliance Checklist

All the components of the following checklist must be included in the annual report of the company. Furthermore, where an action has been taken in contravention to the checklist, the detailed justification for the action shall be submitted to the authority bearing the chairman’s signature.

1	Compliance – To be Completed	✓	✗	Justification
a.	Preparation of audited financial statements and annual report, and disclosure to investors, in accordance with the requirements of the private securities segment.			
b.	Maintain regularly revised management accounts.			
c.	Disclosure of conflicts of interests of directors and senior management personnel, and publication of significant transactions between the issuer and directors or issuer and senior management personnel in the annual report.			
d.	Disclosure of significant transactions or major transactions undertaken by the issuer, in accordance with the Authority’s regulations on disclosure.			
e.	The CEO / Managing Director and CFO must sign off on and declare that the presented financial statements are accurate and factual.			
f.	Whether an event leading to a default occurred in the preceding period? (Example: due to financial situation or due to a cross default). Where such an event has occurred, statement of the details of the situation along with the reasons.			
g.	Company shall have a website.			
h.	Fulfilment of all regulatory requirements in the preceding period. If unfulfilled, details of unfulfilled requirements with reasons.			

2	Corporate Governance -Audit, Risk and Internal Controls	✓	✗	Justification
a.	Identification of risks, and assessment of risk probability and risk impact in designing mitigation measures.			
b.	Establishment of independent audit function.			
c.	Annual board review of risks and internal controls at minimum.			
d.	Whether any services are obtained from the external auditor apart from audit services?			

3	Corporate Governance – Disclosure of Financial Statements	✓	✗	Justification
a.	Whether the financial statements of the issuer comply with IFRS and IAS standards?			
b.	Inclusion of the following in the annual financial statements: <ul style="list-style-type: none"> • Statement of profit, loss, and other income • Statement of changes to equity • Statement of cash flows • Notes to financial statements • Independent auditor’s report 			
c.	Whether principal payments to capital contributors, share of profits and interest payments have been made to recipients as agreed?			
d.	Whether there is sufficient interest cover to make payments for a reasonable period?			

4	Corporate Governance – Board of Directors and Management	✓	✗	Justification
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a.	The implementation of a board charter or guideline on the authority and responsibilities of the board of directors and senior management.			
b.	The implementation of a policy on the remuneration of board directors and senior management personnel.			
c.	Implementation of an effective policy on environmental, social and governance aspects.			
d.	Oversight of audit, risk management and internal controls.			
e.	The appointment of at least 3 (three) board directors to the issuer.			

Signature of the board of directors: