

STOCK EXCHANGE REGULATION

Revised Draft – January 2026

Introduction and Name	1.	(a)		This regulation is enacted by the Capital Market Development Authority under section 63 (b)(4) of the Maldives Securities Act (Law N0: 2/2006).
		(b)		This Regulation may be cited as the Stock Exchange Regulations.
Applicability	2.	(a)		The rules set out herein shall apply to an exchange licensed under the Act.
		(b)		Every exchange shall comply with
			(i)	the Rules set out herein and any amendments thereto;
			(ii)	provisions of the Act;
			(iii)	directives issued from time to time by the Authority; and
			(iv)	rules issued by the Authority relating to Fitness and Propriety of a Key Management Person of a licensed Exchange
Requirement for a license	3.			No entity shall engage in the function of an Exchange without having first obtained a licence from the Authority.
Continuity of existing licenses	4.	(a)		This regulation shall apply to any Exchange licensed by the Authority prior to the commencement of this regulation.
		(b)		An Exchange licensed prior to the commencement of this Regulations shall continue to be recognized as a duly licensed and authorized exchange to operate without interruption, subject to compliance with the transitional arrangements set out herein.
		(c)		The Authority may conduct a compliance assessment of existing license holders to determine conformity with the requirements of this

			Regulation and may issue directives specifying timelines for compliance.
		(d)	The Authority shall grant the Exchange a transition period, not exceeding twelve (12) months unless otherwise determined by the Authority, to comply with any new or revised licensing, operational, governance, or prudential requirements.
		(e)	The Authority may extend the transition period where it is satisfied that additional time is reasonably required and that such extension would not prejudice investor protection or market integrity.
Procedure to obtain a license	5.	(a)	An application for grant of approval to operate as a stock exchange shall be submitted to the Authority via the ‘Capital Market Licensing Portal’ on Authority’s website.
		(b)	An applicant may apply for approval of a license upon satisfying the requirements set out in (c) hereof.
		(c)	In order to obtain approval an applicant shall submit to the Authority:
		(i)	a duly completed application form provided on the Capital Market Licensing Portal of the Authority’s website.
		(ii)	documents to establish the source of funding to establish the exchange
		(iii)	documents outlining the business model to carry on the functions of the Exchange including financial feasibility.
		(iv)	draft Memorandum and Articles of Association.
		(v)	documents outlining the structures, systems and controls in place which will enable it to differentiate and segregate its commercial interests from its regulatory responsibilities;

			(vi)	documents outlining the governance structure of the exchange, which shall be in accordance with the Code of Corporate Governance of CMDA.
			(vii)	profile of the Chief Executive Officer / Managing Director and other key employees.
			(viii)	documents outlining the procedure in relation to the admission of trading Participants to the exchange
			(ix)	relevant declarations by the applicant
			(x)	a copy of the draft rules of the applicant in conformity with the requirements set out in section 26 of the Act and Section 8 of this Regulation.
			(xi)	a copy of the internal compliance manual as set out in schedule (1) of this Regulation;
			(xii)	Documentation in support of measures taken to acquire, develop, or implement information systems as stated in Section 17 of this Regulation, sufficient to demonstrate that such systems are authentic, licensed, secure, reliable and compliant with technical requirements prescribed by the Authority.
			(xiii)	Documentation demonstrating that the applicant has in place adequate and competent human resources to discharge its obligations under Section 16 of this Regulation, including an organizational structure and information on staffing levels and key personnel
			(xiv)	declarations by Key Management Persons relating to their fitness and propriety as prescribed by the Authority
			(xv)	latest Audited financial statements
			(xvi)	any other document specified and required in the application form.
			(xvii)	Any additional information or documents that are reasonably necessary for assessing the application,

				determining the applicant’s fitness and capability, or verifying compliance with the requirements of this Regulation, provided that such information or documents are relevant and proportionate to the specific matter under assessment.
			(xviii)	the application processing fee as prescribed by the Authority
Licensing conditions	6.	(a)		The License issued under this Regulation is specific to the Applicant and shall not be transferable
		(b)		An Exchange shall commence operations within such period as may be specified by the Authority, having regard to the Exchange’s operational readiness.
		(c)	(i)	An Exchange shall ensure that clearing, settlement and central depository services in respect of trades executed on the Exchange are provided in accordance with the applicable Depository, Clearing and Settlement Regulations.
			(ii)	An Exchange shall not commence trading operations unless the Authority is satisfied that the clearing, settlement and depository arrangements are legally enforceable, operationally ready, and compliant with applicable regulatory requirements.
		(d)	(i)	An Exchange shall carry out the core functions of a stock exchange, which include; admission and listing of securities; operation of trading systems and facilitation of price discovery; clearing and settlement of trades, whether directly or through a licensed clearing and settlement facility; market surveillance and monitoring of trading activity; enforcement of listing rules and continuous disclosure obligations; investor protection and market transparency functions; and compliance with this Regulation and any other regulation or directive issued by the Authority.
			(ii)	An Exchange shall not outsource any of its core functions without the prior written approval of the

			Authority. Where outsourcing is approved, the Exchange shall remain fully responsible for the performance of the outsourced function and for ensuring compliance with all regulatory obligations.
		(e)	The Authority may impose such additional conditions as it considers appropriate in connection with the grant of a license under this Regulation and may, at any time thereafter, impose, vary, or revoke conditions on a license where it considers such action necessary or expedient in the interests of investor protection, market integrity, financial stability, or regulatory compliance.
Rules of an exchange	7.	(a)	An exchange authorized under this regulation, shall implement and maintain a system of self-regulation with respect to its trading participants and shall ensure that trading, settlement, delivery and all other related activities of its trading participants are in accordance with the relevant rules approved by the Authority.
		(b)	The rules of an Exchange, and any amendment thereto, shall not take effect unless approved in writing by the Authority.
		(c)	An exchange shall in addition to the requirements stipulated in section 26 of the Act make provision for the following in its rules;
		(i)	admission to the listing, suspension or de-listing of securities by the exchange
		(ii)	the conditions governing dealing in securities by trading participants so as to ensure protection of the rights of investors;
		(iii)	the complete, accurate and timely disclosure, in a manner that is fair to all investors, of material information of a price sensitive nature and information likely to affect the price of a security;
		(iv)	the protection of investors in securities from misrepresentation, misleading information, fraud,

				deceit and other adverse practices in the issue and trading of securities and from the abuse by certain persons holding privileged information not yet made available to the general public;
			(v)	the prohibition of securities market manipulation and misconduct of any form, including insider trading, front running, false/misleading statements, fraud etc.
			(vi)	investigation into trading in securities and financial transactions of stockbrokers and dealers and for conducting checks on such parties;
			(vii)	for the class or classes of securities that may be dealt in or traded on its facilities.
			(viii)	the exclusion of persons who are not of good character and high business integrity from being recognized as trading participants, subject to approval of the Authority;
			(ix)	the conduct of securities trading by stockbrokers and dealers and the manner in which information relating to transactions is to be maintained and reported;
			(x)	Mechanisms for fair, transparent, and efficient procedures for resolving disputes involving the Exchange and its trading participants, listed companies, investors, or any other users of its facilities. These procedures shall provide for a first-level review and determination and appeal through the internal governance and appeals mechanism of the Exchange. A further appeal may be submitted to the Authority where the matter concerns regulatory compliance, market integrity, conflicts of interest, investor protection, or any other circumstance that warrants the Authority's intervention.
			(xi)	carrying out of the business of the exchange with due regard to interest of the investing public;
			(xii)	handling of complaints from investors; and

			(xiii)	responsibility of the exchange for the actions of employees, agents in their dealings with the public.
			(d)	The Exchange shall publish its approved rules and any amendments in a manner that ensures accessibility to Trading Participants and the public.
Appointment of directors of an exchange	8.			An exchange shall be governed by a board of directors which shall be approved by Authority
	9.	(a)		In relation to a stock exchange;
			(i)	At least two (2) directors on the board of an Exchange shall be appointed as Public Interest Directors, in accordance with the guidelines prescribed by the Authority.
			(ii)	Public Interest Directors shall be independent of the Exchange, its shareholders, trading participants, and management, and shall act in the interests of investor protection, market integrity, and the orderly development of the capital market.
			(iii)	Public Interest Directors shall have the same rights, powers, duties and obligations, liberties and privileges as any director of the stock exchange.
			(iv)	Public Interest Directors shall hold office for a period that does not exceed a term of a Board of Director specified in this Regulation.
	10.			A director of the Exchange shall hold office for a term of five (5) years and may be eligible for reappointment for one (1) further consecutive term, subject to continued satisfaction of the fit-and-proper requirements and approval of the Authority.
	11.			No Director shall hold office for more than ten (10) consecutive years and shall not be eligible for reappointment as a Director unless a minimum period of one (1) year has elapsed from the date of completion of such tenure.

	12.	(a)		No person shall be appointed and reappointed to or removed from the Board of Directors of an exchange without prior written approval of the Authority.
		(b)		No person shall be eligible to become a Director of an exchange if he does not meet the fit and proper standards for a Director of an exchange, as may be specified by the Authority from time to time.
		(c)		the Authority may refuse to give approval if;
			(i)	any proposed director is an undischarged bankrupt, whether within or outside Maldives;
			(ii)	a judgement debt against the proposed director has not been satisfied in whole or in part
			(iii)	the proposed director has, whether within or outside Maldives, entered into a compromise or scheme of arrangement with his creditors, being a compromise or scheme of arrangement that is still in operation;
			(iv)	the proposed director has been convicted, whether within or outside Maldives, of an offence, involving fraud or dishonesty or the conviction for which involved a finding that he acted fraudulently or dishonestly
			(v)	the proposed director has been convicted of an offence under the Act.
			(vi)	the Authority is not satisfied that the proposed director is a person of integrity and is fit and proper to be a director.
			(vii)	the Authority is not satisfied that any other fit & proper standards set by the Authority is met.
			(viii)	Where the Authority refuses to grant approval, it shall notify the applicant in writing of the decision, stating the reasons and substantive grounds for refusal

		(d)		No person shall become eligible to become a Director of an Exchange if the person is serving on the Board of a listed company or the regulator.
		(e)		Directors of an Exchange shall meet the fit & proper standards set by the Authority at all times.
	13.			For the purposes of calculating the tenure limits prescribed under this Regulation, the term of directors holding office at the commencement of this Regulation shall be deemed to commence from the date on which this Regulation comes into force.
Shareholding of an Exchange	14.	(a)		The ownership structure of a Stock Exchange shall be designed to ensure independence, fair governance, market neutrality, and the avoidance of conflicts of interest.
		(b)		No person shall acquire, directly or indirectly, a significant interest in a Stock Exchange except in accordance with this Regulation and with the prior approval of the Authority where required.
		(c)		General Shareholding
			(i)	No person shall acquire or increase shareholding or voting rights in a licensed Exchange such that the aggregate holding of that person, whether alone or together with its associated persons or persons acting in concert, equals or exceeds ten per cent (10%) of the total issued shares or voting rights of the Exchange without the prior written approval of the Authority
		(d)		Disclosure of Significant Shareholdings
			(i)	Any person who, whether alone or together with associated persons or persons acting in concert, acquires or holds five per cent (5%) or more of the shares or voting rights of an Exchange shall notify the Authority in writing, within five (5) business days of such change.
		(e)		Approval for Substantial Shareholdings

		(i)	No person shall acquire or increase shareholding or voting rights in an Exchange such that the aggregate holding of that person, whether alone or together with associated persons or persons acting in concert, equals or exceeds ten per cent (10%) of the total issued shares or voting rights of the Exchange without the prior written approval of the Authority.
		(ii)	Any person seeking approval under this subsection shall satisfy the fit-and-proper requirements prescribed by the Authority.
		(f)	Significant Shareholders
		(i)	A person who, alone or together with associated persons or persons acting in concert, proposes to acquire or hold twenty per cent (20%) or more of the shares or voting rights of an Exchange shall be considered a significant shareholder.
		(ii)	Such acquisition shall be subject to an enhanced fit-and-proper assessment and a public interest assessment conducted by the Authority.
		(iii)	The Authority may assess such applications on a case-by-case basis and may impose conditions including restrictions relating to; voting rights, governance participation, board representation and control structures.
		(g)	Aggregation of Shareholdings
		(i)	For the purposes of applying the limits and thresholds under this Regulation, the shareholdings and voting rights of a person shall be aggregated with those of, associated persons; and persons acting in concert with such person.
		(ii)	The Authority may determine whether persons are associated or acting in concert, having regard to ownership, control, family relationships, agreements, or any other relevant circumstances.
		(h)	Shareholding by Brokers and Trading Participants

		(i)	The aggregate combined shareholding of all brokers or trading participants and their associated persons shall not exceed forty-five per cent (45%) of the shares or voting rights of an Exchange without the prior written approval of the Authority.
		(i)	Disclosure of Beneficial Ownership
		(i)	Any person who holds shares or voting rights in an Exchange through nominees, custodians, trusts, or other arrangements shall disclose the ultimate beneficial ownership of such shares to the Authority and the Exchange.
		(ii)	The Authority may require any person to provide information necessary to identify the beneficial owner of shares or voting rights in an Exchange.
		(iii)	No arrangement shall be entered into for the purpose of circumventing the shareholding limits prescribed under this Regulation.
		(j)	Fit and Proper Requirements
		(i)	Any person seeking approval to hold shares or voting rights exceeding ten per cent (10%) shall satisfy the fit-and-proper criteria determined by the Authority.
		(ii)	In assessing whether a person is fit and proper, the Authority may consider, among other things: financial integrity and financial soundness, reputation and track record, regulatory compliance history, potential conflicts of interest; and the impact of the proposed shareholding on market integrity, investor protection, and the governance of the Exchange.
		(iii)	Where a person proposes to acquire or hold twenty per cent (20%) or more of the shares or voting rights of an Exchange, the Authority may conduct an enhanced assessment, including consideration of the public interest and the potential impact on the independence, neutrality, and orderly functioning of the Exchange.

		(iv)	The Authority may impose such conditions as it considers appropriate when granting approval under this section.
		(k)	The Authority may refuse approval of a proposed acquisition or increase in shareholding where it determines that such ownership may:
		(i)	compromise the independence of the Exchange;
		(ii)	create conflicts of interest;
		(iii)	result in excessive concentration of control; or
		(iv)	otherwise be contrary to investor protection, market integrity, or the orderly development of the capital market.
		(l)	The Authority may impose such conditions as it considers appropriate when granting approval under this section, including conditions relating to governance participation, voting rights, reporting obligations, or divestment requirements.
		(m)	An Exchange shall maintain an up-to-date share register and put in place internal procedures to monitor changes in its shareholding structure
		(n)	Any person who acquires, disposes of, or alters their shareholding or voting rights in an Exchange in a manner that results in crossing any threshold specified under this Regulation shall notify the Authority in writing within five (5) business days of such change.
		(o)	The Exchange shall notify the Authority of any material change in its shareholding structure within the same period.
		(p)	The presence, absence, or degree of association between two or more persons shall be determined in accordance with the definition of ‘associated persons’ under this Regulation. Where the existence or extent of such association is not clearly established under the definition, the Authority may, having regard to all relevant

			circumstances, determine whether it is reasonable to conclude that the persons concerned are acting in concert or are able to exercise rights or influence over the shares of the Stock Exchange jointly or in a coordinated manner.
		(q)	Any acquisition or increase in shareholding or voting rights carried out without the prior approval of the Authority, where such approval is required, shall be voidable at the discretion of the Authority.
		(r)	The Authority may direct the shareholder to divest such shares within a period specified by the Authority, and may impose conditions pending divestment.
		(s)	Where the Government takes 100% ownership of the Stock Exchange subsections (a) – (n) will not be applicable to the Government Stock Exchange formed pursuant to the Act. However, where the Government Stock Exchange is privatized, the provisions of this section will apply.
		(t)	For the purpose of this Section, “Person” includes a natural person, company, partnership, body corporate, association, or any other legal entity.
Continuity and Transitional Compliance Period to existing shareholders	15.	(a)	Any shareholder whose aggregate shareholding or voting rights exceed the limits prescribed in this Regulation at the date of its commencement may continue to hold such shares during the transitional period.
		(b)	The Authority shall grant a transitional period of up to twelve (12) months, or such longer period as the Authority may determine, for the Exchange and its shareholders to comply with the shareholding limits and approval requirements introduced under this Regulation.
		(c)	The Exchange shall, within sixty (60) days of the commencement of this Regulation, submit to the Authority a statement identifying all shareholders whose holdings exceed the prescribed limits and a compliance plan outlining the measures and timelines for achieving conformity.

		(d)		The Authority may, where justified by market stability, public interest, or operational continuity, permit phased compliance or extensions of the transitional period.
		(e)		During the transitional period, shareholders shall continue to exercise their rights in accordance with the Companies Act and the Exchange’s constitutional documents. Where necessary and proportionate to safeguard market integrity or prevent circumvention of this Regulation, the Authority may impose appropriate conditions.
		(f)		Upon expiry of the transitional period, any non-compliant shareholdings may be subject to regulatory measures, including suspension of voting rights or a directive to divest.
Duties of an exchange	16.	(a)		An exchange shall at all times ensure that it complies with duties stipulated under section 24 of the Act.
		(b)		It shall be the duty of an exchange to ensure, so far as may be reasonably practicable, an orderly and fair market in the securities that are traded through its facilities.
		(c)		It shall be the duty of an exchange to act in the public interest having particular regard to the need for the protection of investors.
		(d)		It shall be the duty of an exchange to ensure that actual and perceived conflict of interest situations of key management persons are effectively identified and managed.
		(e)		It shall be the duty of an exchange to take appropriate action as may be provided for under its rules for the purpose of monitoring or securing compliance with such rules.
Governance of an exchange	17.	(a)		An exchange shall abide by the Corporate Governance Code set by the Authority.

		(b)	An exchange shall have a board charter that inter alia includes a code of conduct for the board of directors and demarcate the responsibilities between its board of directors and the management.
		(c)	An exchange shall have, at a minimum the following sub-committees of the board of directors:
		(i)	Nomination Committee
		(ii)	Remuneration Committee
		(iii)	Audit & risk Committee
		(iv)	Rules Committee
Human resources of an exchange	18.	(a)	An Exchange shall at all times maintain a workforce of adequate size and competence to ensure the effective, orderly, and secure operation of its business, having regard to the scale, complexity, and risk profile of its activities.
		(b)	An Exchange shall employ suitably qualified and experienced personnel, including dedicated staff for market operations, market surveillance, compliance, legal, risk management and internal audit, information technology and finance.
		(c)	An Exchange shall have a Chief Executive Officer / Managing Director who shall be in charge of the day-to-day operations of the Stock Exchange. The Chief Executive shall be appointed or removed only with the prior approval of the Authority.
		(d)	An Exchange shall have an organizational structure with clearly defined responsibilities and authority for each category of employees.
Infrastructure and related requirements	19.		An exchange shall have all the capabilities to operate and conduct the functions of an exchange and shall ensure the availability of the following infrastructure and related features in its systems at a minimum;

		(a)	automated trading system;
		(b)	market surveillance system;
		(c)	operational procedures pertaining to management Information systems (MIS).
		(d)	information dissemination and delivery channels (e.g.: website, mobile applications);
		(e)	infrastructure requirements for internal business operations:
		(i)	internal network;
		(ii)	accounting system
		(iii)	documents archiving and retention system;
		(iv)	an electronic communication mechanism;
		(v)	data center (hosted on-site and off-site) and a separate disaster recovery facility at a suitable location to be maintained on a real time basis.
		(f)	An exchange shall ensure that its business applications minimize manual intervention in information inputs and outputs at all times and prevent unauthorized changes to its databases.
		(g)	Information systems of an exchange shall be subjected to control reviews at least once in every two (2) years and the control gaps identified shall be rectified following a time plan. the scope of testing shall cover business logic, system function, security controls and system performance at a minimum.
		(h)	An Exchange shall establish and maintain a Disaster Recovery Plan and Business Continuity Plan appropriate to the scale and complexity of its operations.
		(i)	The Disaster Recovery Plan and Business Continuity Plan shall be tested at least annually, and the results shall be documented and reviewed

			by senior management. Any deficiencies identified shall be addressed within a reasonable timeframe.
		(j)	An exchange shall ensure that its hosted servers are subjected to vulnerability assessments and penetration tests annually. the issues arising from such tests shall be rectified according to a time bound plan.
		(k)	The reports pertaining to reviews and tests specified in Rules (g), (i) and (j) shall be retained for reference for a minimum period of five (5) years.
	20.		An exchange shall maintain a duly updated systems and Procedures manual covering the following areas at a minimum, to ensure compliance with these rules:
		(a)	the organizational structure of the exchange identifying key functions and persons, and their reporting structure;
		(b)	operational procedures pertaining to an exchange covering the following areas at a minimum:
		(i)	operational procedures pertaining to MIS;
		(ii)	procedures on staff trades by employees of an exchange; and
		(iii)	a procedure to handle client complaints
		(c)	policies, standards and procedures:
		(i)	sound and prudent policies, standards and procedures for managing technology risks; and
		(ii)	review and update policies, standards and procedures regularly, taking into consideration the evolving technology and cyber threat landscape.
		(d)	management of third-party services
		(i)	an exchange shall assess and manage its exposure to technology risk that may affect confidentiality,

				integrity and availability of information technology systems and data before entering into a contractual agreement or partnership with third parties; and
			(ii)	a comprehensive information technology security awareness training program shall be established to maintain a high level of awareness among all staff of an exchange.
		(e)		data and infrastructure security: develop comprehensive data loss prevention policies and adopt measures to detect and prevent unauthorized access, modification, copying or transmission of its confidential data.
		(f)		user access management: establish a user access management process covering provisions relating to change and the revocation of access rights.
		(g)		network security: deploy effective security mechanisms to protect information assets (eg: firewall), network access controls
		(h)		cyber security: establish a security operations center or acquire managed security services (the processes, roles and responsibilities for security operations should be defined).
		(i)		system backup and recovery: establish a system and data backup and recovery strategy and develop a plan to perform regular backups
		(j)		investor education and communication: measures to raise awareness among investors on the security best practices and terms and conditions that investors should adhere to when using online services.
		(k)		incident management: establish an incident management framework with the objective of restoring an affected information technology service or system to a secure and stable state as quickly as possible to minimize the impact to the business and the investors.

	21.			An Exchange shall have sufficient and appropriate processes to ensure the functions of legal and enforcement, compliance, market surveillance, supervision of trading Participants, information technology, finance and administration, internal audit and risk management are carried out.
	22.			The trading system, market surveillance system, and any other system critical to the orderly functioning, integrity, and transparency of the market shall be subject to the prior written approval of the Authority before initial implementation or any material modification.
	23.			The Exchange shall notify the Authority in writing of any material change, upgrade, replacement, or migration of such systems and shall provide such information and test results as the Authority may require.
	24.			Routine maintenance, minor updates, and security patches that do not materially affect market integrity, system resilience, or investor protection shall not require prior approval.
Internal controls and risk management of an exchange	25.	(a)		An Exchange shall maintain effective internal control and risk management frameworks appropriate to the scale and complexity of its operations. These frameworks shall include:
			(i)	documented policies and procedures covering financial, operational, compliance, information technology, and other relevant risks;
			(ii)	an independent internal audit function with direct reporting to the Board or its Audit Committee;
			(iii)	periodic reviews of the adequacy and effectiveness of internal controls and risk management systems, at intervals approved by the Board and proportionate to the Exchange’s risk profile; and
			(iv)	mechanisms for identifying, assessing, monitoring, and mitigating risks associated with its business and operations.

		(b)		The Exchange shall maintain records of its internal control and risk management assessments and make them available to the Authority upon request.
Complaint handling mechanisms of an exchange	26.			An exchange shall have a fair and transparent complaint handling procedure to ensure the best interest of the trading Participants and the public and shall maintain procedures to ensure that complaints received in relation to the conduct of trading Participants are handled in a timely and effective manner.
Trading participants of an exchange	27.	(a)		Every Exchange shall ensure the availability of a minimum of three (3) Trading Participants.
		(b)		In admitting trading Participants, an exchange shall ensure at a minimum that such trading Participants:
			(i)	are body corporates;
			(ii)	have high business integrity
			(iii)	meet the minimum financial requirements stipulated in the Rules of the exchange; and
			(iv)	meet the minimum standards stipulated in relevant rules of the exchange.
		(c)		An exchange shall execute a detailed written agreement between the exchange and the trading Participants inclusive of rights and obligations of each party and dispute resolution mechanism.
		(d)		every exchange shall ensure that its trading Participants;
			(i)	comply with rules applicable to trading Participants; and
			(ii)	initiate timely disciplinary action and take suitable action for any contravention or failure to comply with the provisions of the Act.

		(e)	An exchange shall admit as a trading member any dealing company licensed by the Authority on payment of the admission fee approved by the Authority.
		(f)	An exchange shall not, directly or indirectly, attempt to restrict or reduce the number of dealing companies or the number of stock brokers.
Maintenance of deposits of trading participants	28.		Any deposit maintained by an exchange on behalf of trading participants shall be accounted separately and shall be disclosed in the financial statements.
Dealing in Listed Securities	29.	(a)	Directors and employees of an Exchange shall deal in listed securities only in accordance with the Authority's 'Policy on prohibition of dealing in securities by connected persons with access to unpublished information' or any directives issued by the Authority from time to time, including requirements relating to pre-clearance, blackout periods, and disclosure of trades. The Authority may, where necessary to prevent conflicts of interest or misuse of unpublished information, specify particular classes or categories of securities in which such persons shall be restricted from dealing.
		(b)	Directors and employees of an exchange shall promptly disclose to the exchange all direct or indirect dealings in securities done on their account, on account of their spouse, or on account of their minor children. Directors and employees shall also disclose to the Exchange all securities beneficially owned by them, their spouse, or minor children and any change thereof
Action for non-compliance by directors or employees of stock exchange	30.		If a Director or employee of an exchange fails to comply with the requirements of this Regulation, the Authority may take action against that person in accordance with Section 28 of the Act, provided that the Authority shall first issue a show cause notice to the concerned person and give that person an adequate opportunity to defend himself. Actions taken by the Authority under this section

			shall be fully and immediately disclosed to the public.
Trading system	31.	(a)	The trading system or mechanism to be adopted by an exchange shall be approved by the Authority.
		(b)	An Exchange shall ensure that timely and accurate market information is made publicly accessible, including executed trades, last traded price, best bid and best offer, market summaries, and such other information as the Authority may specify.
		(c)	The Exchange may adopt a tiered market-data access model whereby full real-time order-book information and market-depth data are provided through registration, subscription, or authorized data vendors, subject to the prior approval of the Authority.
		(d)	Any tiering of market data shall be fair, transparent, and non-discriminatory, and shall ensure equitable access to essential trading information for all market participants.
		(e)	The Exchange shall publish a Market Data Policy, approved by the Authority, setting out the types of data available and the access arrangements.
Capital Requirements	32.	(a)	An exchange is required to have a minimum paid up capital of MVR 10,000,000 (ten million) and is required at all times to maintain a net capital of not less than RF 5 million (five million).
		(b)	The authorized capital of an exchange shall be not less than RF15,000,000 (Rufiyaa Fifteen Million) or such an amount as may be directed by the Authority from time to time.
		(c)	The Authority may require an Exchange to maintain higher capital than the minimum prescribed where warranted by the scale, risk profile, or systemic importance of the Exchange.
Licensing fee	33.	(a)	An Exchange shall pay such licensing and related fees as prescribed by the Authority and set out in a

				publicly available fee schedule issued by the Authority.
		(b)		The Authority may review and revise such fees periodically, taking into account regulatory costs, supervisory requirements, and market development considerations.
Charges levied by an Exchange	34.	(a)		The Exchange shall publish a schedule of all fees and service charges applicable to listed companies, trading participants, market data users, and any other service recipients.
		(b)		Core fees relating to listing, trading, clearing and settlement and market data distribution shall be subject to the prior approval of the Authority
		(c)		Any amendment to non-core fees shall be notified to the Authority and published by the Exchange prior to implementation.
		(d)		All fees shall be fair, transparent, and non-discriminatory.
Maintenance of records	35.			An exchange shall maintain and preserve the following records and documents, for a period of not less than six years in a durable, secure, and machine-readable format that prevents unauthorized alteration and enables timely retrieval by the Authority.
		(a)		minutes of the meetings of
			(i)	its Board of Directors and shareholders; and
			(ii)	any standing committee or committees of its Board of Directors;
		(b)		register of shareholders including the full names and physical addresses of all directors and shareholders and their shareholding percentages;
		(c)		register of representatives and agents;
		(d)		record of securities transactions;

		(e)	statistical information on market turnover and capitalization;
		(f)	register of all listed securities including the names of issuers and number of securities listed by each issuer;
		(g)	records of receipts and disbursement of the investor compensation fund if any;
		(h)	correspondence with trading Participants
		(i)	comprehensive written records pertaining to disciplinary actions initiated against trading Participants;
		(j)	a comprehensive written record of all complaints received/disputes and action taken thereon by the exchange; and
		(k)	annual audited accounts;
		(l)	annual reports of the Exchange
		(m)	annual reports of all listed companies;
		(n)	any other record the Authority requires the exchange to maintain from time to time.
		(o)	An Exchange shall ensure confidentiality of all information relating to the Trading Participants unless such disclosure is required by law.
		(p)	An Exchange shall maintain information regarding each company listed on the exchange and such information shall include;
		(i)	name of the issuer and date of incorporation;
		(ii)	date of listing
		(iii)	names of directors;
		(iv)	principal/controlling shareholders;
		(v)	total number of shareholders.

			(vi)	authorized and paid-up share capital;
			(vii)	changes in authorized or paid-up share capital;
			(viii)	core and auxiliary line of business;
			(ix)	balance sheet and profit and loss accounts for the last five years;
			(x)	volume and price movements (high and low) of the listed security; and
			(xi)	earnings per share and dividend per share.
Keeping of books and furnishing of returns	36.			An exchange shall:
		(a)		maintain such accounting records and other books as will truly reflect the transactions and financial position of its business and enable the preparation of a true and fair income statement and a statement of financial position in keeping with the accounting standards adopted by the Institute of Chartered Accountants of the Maldives.
		(b)		maintain such accounting records and other books in such manner as will enable them to be accurately audited; and
		(c)		retain such accounting records or other books for a period of not less than six (6) years.
Duty to furnish information and co-operate with auditors appointed by the Authority	37.	(a)		Where the Authority having considered that it is in the interest of the exchange or those of its trading Participants, appoints an independent auditor or such other person or a body of persons to examine, audit and report either generally or in relation to any particular matter, it shall be the duty of such exchange:
			(i)	to produce any books, accounts and records of any assets held by the exchange relating to its business;

			(ii)	to produce any records of any systems, processes or procedures adopted by the exchange relating to its business;
			(iii)	to provide all information within its knowledge or which it is capable of obtaining; and
			(iv)	to ensure that all the information which is furnished to the auditor or independent auditor as the case may be is not false or misleading in any material particulars.
		(b)		An exchange shall not destroy, conceal or alter any records, property or books relating to the business of the exchange which are in its possession or under its control with the intention of defeating, preventing, delaying or obstructing the carrying out of any examination.
Submission of reports	38.	(a)		A stock exchange shall file with the Authority an annual report, within four months after the end of each financial year which shall contain information on;
			(i)	changes in its rules;
			(ii)	changes to the Board of Directors;
			(iii)	composition and mandates of all the committees set up and changes (if any) in the membership of its existing ones
			(iv)	disciplinary action against members including appointment of statutory manager;
			(v)	disputes resolution;
			(vi)	securities listed, suspended or de-listed;
			(vii)	market turnover, capitalization and the value of index; and
			(viii)	a report on the extent to which it has complied with its rules and the requirements under section 16 of this Regulation (duties of an exchange) during the financial year.

			(ix)	a report on the corporate governance policy and practices of the stock exchange.
			(x)	any other matters that the Authority may request.
		(b)		An Exchange shall prepare annual audited financial statements in accordance with International Financial Reporting Standards as adopted in the Maldives. Such financial statements shall be approved by the Board of Directors, signed by the Chief Executive Officer and at least one Director, and submitted to the Authority within four (4) months of the end of each financial year. The audited financial statements shall form part of the Exchange's annual report.
		(c)		The Exchange shall publish its annual report and audited financial statements on its website within the same period.
		(d)		An exchange shall make available to the Authority, and make public a daily report on the securities transacted, the price movements on each security including low, high and average prices, and the volume of transactions in each security.
		(e)		A copy of the compliance report which shall include amongst others the contents specified in Schedule 2 of this Regulation approved by the board of directors of the exchange and signed by the Chief Executive Officer / Managing Director.
		(f)		An exchange shall furnish the Authority with all documents and notices that it issues to its shareholders in connection with the annual general meetings within ten days prior to the date of such meetings.
		(g)		Communication to investors shall be made through the Exchange's website and any other mediums of communication as may be approved or specified by the Authority to ensure timely, transparent, and accessible disclosure.

		(h)	An exchange shall provide to the Authority Minutes of all meetings of its board of directors as well as minutes of any committee formed by the board within three working days.
Submission of information to the Authority	39.	(a)	An Exchange shall furnish such returns and provide such information relating to its business, systems, operations, trading activity, governance, or compliance as the Authority may require for regulatory, supervisory, or prudential purposes.
		(b)	The Authority may specify the form, manner, intervals, and timelines for submitting such information, and the Exchange shall comply with such requirements
Notification on the happening of certain events	40.		In the event any one or more of the following events occur, an exchange shall immediately report to the Authority in writing
		(a)	there is a delay in the opening or closing of the Stock Exchange.
		(b)	there is a default on settlement and delivery
		(c)	trading is to be suspended or halted in any security;
		(d)	there is unusual market activity or identifies suspicious trading activity or potential market abuse
		(e)	the exchange receives any non-public information that its chief executive believes could have a material effect on the market in general or on any specific securities;
		(f)	the exchange is unable to carry its functions of an exchange.
		(g)	the exchange is in the course of being wound up or otherwise dissolved.
		(h)	the exchange has failed to comply with the provisions of the Act, rules relating to Fitness and Propriety of a Key management Person of a stock exchange and the Rules specified herein or any

			other directive issued by the Authority from time to time;
		(i)	any information or document furnished to the Authority is false or misleading or there is any change in any information contained in a document furnished to the Authority;
		(j)	any execution against the exchange in respect of a judgment debt has been returned unsatisfied in whole or in part;
		(k)	a Key management Person has been convicted of any offence involving fraud or dishonesty or a violation of securities law within or outside of Maldives; and/or
		(l)	a Key management Person of the exchange becomes an undischarged bankrupt.
Compliance manual	41.		An exchange shall have an internal compliance manual applicable to its directors and employees which shall include amongst others adequate compliance procedures and practices as set out in schedule 1 of this regulation
Authority approval to engage in other businesses	42.	(a)	An exchange shall disclose to the Authority all other business activities in which it is engaged in at the time of applying for its license and shall obtain the prior written approval of the Authority before engaging in any additional business activity after the grant of such license.
		(b)	An exchange shall not engage in any other business which in the view of the Authority creates a conflict of interest unless prior written approval of the Authority is obtained.
		(c)	In the conduct of any such other business activity, an exchange shall ensure that proper processes are in place to have a clear demarcation of the different functions pertaining to such businesses.
Investor compensation fund	43.	(a)	An Exchange shall establish and maintain an investor compensation fund for the purpose of safeguarding investors against losses arising from

				the failure of a trading participant or from such other circumstances as may be prescribed by the Authority.
		(b)		The Exchange shall maintain a minimum fund balance in such amount, and calculated in such manner, as the Authority may specify from time to time, having regard to the Exchange’s operational scope, trading activity, and risk exposure.
		(c)		An exchange shall keep proper accounts and records of the investor compensation fund and shall in every financial year prepare a statement of accounts showing the movement and financial position of the fund in its annual report
			(i)	The compensation fund shall be prudently managed by the exchange as a separate fund and shall be disclosed as such in the exchanges’ annual balance sheet.
			(ii)	The accounts shall include the income and all sources of contribution to and expenditure from the investor compensation fund.
			(iii)	The accounts and records shall be audited by the auditor appointed in compliance with this Regulation.
			(iv)	Any proposed payment from the compensation fund by the exchange shall be reported to the Authority before such payment is affected.
Actions against an Exchange	44.	(a)		Where the Authority determines that an Exchange has contravened or failed to comply with these Regulations or any direction issued under them, the Authority may, after issuing written notice of the contravention and providing the Exchange an opportunity to make representations, take one or more of the following actions
			(i)	privately censure the exchange
			(ii)	impose a penalty not less than MVR 25,000 and not exceeding MVR 100,000 on the exchange

			(iii)	require the Exchange to take specified corrective or remedial measures within a time period determined by the Authority;
			(iv)	publish the fact that the exchange has been penalized or censured for contravening these regulations;
		(b)		The exercise of powers under this Regulation shall be without prejudice to the Authority's right to initiate proceedings under Section 28 of the Act where the non-compliance constitutes an offence under the Act.
		(c)		The Authority may require the Exchange to take specified corrective measures within a time period determined by the Authority.
		(d)		Notwithstanding subsection (a), the Authority may take immediate action without prior representations where such action is necessary to protect market integrity, investor interests, or the proper functioning of the market.
		(e)		Any penalty imposed under this section shall be payable to the Authority and shall be disclosed by the Exchange in its audited financial statements for the financial year in which the penalty is imposed.
Cancellation of a license	45.			the cancellation of a license granted to an exchange shall be governed by the provisions contained in section 37 of the Act.
License of an Exchange deemed to be revoked	46.			A license of an exchange shall be deemed to be revoked if the company to whom a license has been granted is wound up or otherwise dissolved.
Waiver	47.			The Board of the Authority retains the right to waive any one or more of the provisions under this Regulation, where it is reasonable to do so in the interest of the public.
Interpretations	48.	(a)		In this Regulation, unless the context otherwise requires –

		(i)	The words and terms defined in the Maldives Securities Act; Law No. 02/2006 shall have the same meaning assigned to it in the said Act:
		(ii)	“Act” shall mean the Maldives Securities Act, Law No. 02/2006
		(iii)	Authority” shall mean the Capital Market Development Authority
		(iv)	“Key Management” shall mean directors (executive or otherwise), a chief executive officer, managing director, deputy managing director, company secretary, compliance officer and persons having authority and responsibility for planning, directing and controlling the activities of a company/entity either directly or indirectly
		(v)	“Trading Participant” shall mean a body corporate that has been admitted by the Exchange, in accordance with its rules and with the approval of the Authority where required, to trade in securities on the facilities of the Exchange, whether as a broker, dealer, or in such other capacity as may be recognized under the Act or the rules of the Exchange.
		(b)	For the purposes of this Regulation, “associated persons” means, without limitation, a person who is related to another person in accordance with any of the following provisions:
		(i)	Natural persons are related if one is the spouse of the other; if they are related as parent and child; if they are brothers or sisters, including half-brothers and half-sisters; if they are partners in a partnership to which the Partnership Act of Maldives applies; or where one is an employee of the other.
		(ii)	Companies are associated persons if they are associated bodies corporate in which greater than 5% of the shareholding is owned/controlled by the other company.

			(iii)	A natural person and a company is considered associated persons if the natural person directly or indirectly holds or controls more than five per cent (5%) of the shareholding or voting rights of the company, or is a director, partner, trustee, senior officer, or key management person of the company or of an associated body corporate, or, if alone or together with close family members, exercises control or significant influence over the company.
			(iv)	Any person with whom there is an agreement, arrangement, or understanding—whether formal or informal—to acquire, hold, or exercise shares or voting rights in concert.
			(v)	Any person who, in the opinion of the Authority and having regard to all relevant circumstances, is acting in concert with another person for the purpose of acquiring, holding, or exercising ownership or voting rights in the Exchange.
		(c)		“Acting in Concert” means two or more persons who, pursuant to an agreement, arrangement, understanding, or cooperative relationship (whether formal, informal, written, or oral), actively cooperate to acquire, hold, or exercise ownership or voting rights in the Exchange, or to influence the management or policies of the Exchange.
		(d)		“Public Interest Director” means an independent director appointed to the board of an Exchange in accordance with these Regulations, who has no material relationship with the Exchange, its shareholders, trading participants, or management, and whose primary responsibility is to safeguard investor interests and the integrity and orderly functioning of the securities market.
Commencement	49.			This regulation comes into effect on the date of its publication in the Gazette.
Regulations Repealed	50.			Once this regulation comes into effect, the Stock Exchange Company Licensing Regulation published in the gazette on 2nd April 2012 will be repealed.

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Schedule (1)

Minimum Requirements of an Internal Compliance Manual

1.Conflicts of Interest:	
(a)	mechanism to monitor and identify conflicts of interest situations and steps to address such situations in a timely manner;
	procedures to prevent or control the exchange of information between persons engaged in activities that give rise to a risk of a conflict of interest;
	procedures for the prevention or limitation of any person from exercising undue influence over the manner in which a relevant person carries out services or activities
	measures to ensure that it does not carry out any activities, which could cause a conflict of interest with its Exchange functions
	a transparent and non-discriminatory criterion for the admission of Trading Participants;
	a procedure to ensure that the Exchange does not engage in transactions with related parties in a manner that would grant such parties more favorable treatment than that accorded to third parties in the ordinary course of business;
	Policies that prohibit Exchange employees from trading securities during periods when the Exchange possesses material non-public information concerning listed companies; and
	measures ensuring that the entity acts in the best interest of the public.
2. Corporate Governance	
(a)	composition of the board of directors, availability of its subcommittees in accordance with this Regulation and the Code of Corporate Governance of the Authority;
(b)	a code of conduct and ethics, good business practices and the requirement to follow just and fair principles in the conduct of its business;
(c)	requirement to implement sound financial and business reporting structure;
(d)	requirement to segregate assets of the Trading Participants from those of the Exchange; and

(e)	requirement to ensure compliance with Fitness and Proprietary of a Key Management Person of an Exchange issued by the Authority from time to time
3. Internal controls and Risk Management	
(a)	the availability of sound internal controls and risk management policies and processes;
(b)	the availability of internal audit systems;
(c)	regular review of the adequacy and effectiveness of financial, operational and compliance controls; and
(d)	regular review of the adequacy and effectiveness of risk management policies and procedure

Schedule (2)

Minimum Matters to be Disclosed in a Compliance Report

1. Confirmation that the business has been conducted in conformity with the:
 - (a) Maldives Securities Act, No. 02/2006;
 - (b) rules and directives issued by the Authority;
 - (c) rules of an exchange pertaining to an exchange; and
2. If not:
 - (a) provide information as to the nature of the non-compliance or breach;
 - (b) action taken to prevent or mitigate the non-compliance or breach; and
 - (c) the outcome.
3. Whether any suspicious transaction reports (strs) have been generated. If so:
 - (a) the number generated
 - (b) outcomes if any.
4. monitoring of network availability and performance with:

(a) details pertaining to instances in which systems failure/malfunctions were detected in relation to the Automated trading system during the financial year; and

(b) details pertaining to the security threats to the network operating systems identified during the financial year.

Any instances as referred to in items 4. (a) and (b) above and the remedial action taken shall be immediately brought to the attention of the Authority.