



Prospectus Regulation

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(Unofficial English Translation)

Prospectus Regulation

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Prospectus Regulation

Chapter 1

Preamble

- Introduction and Name
1. (a) This regulation is enacted by the Capital Market Development Authority under section 63 of the Maldives Securities Act (Law no: 2/2006) and section 173 of the Companies Act (Law no: 7/2023).
- (b) This regulation shall be cited as “Prospectus Regulation”.
- Scope
2. These Regulations shall apply to the following;
- (a) Companies undertaking an issuance of Securities (Shares, Corporate Bonds, Sukuk, and Shariah Compliant Equity) by way of public offering in the Main Market; and
- (b) Companies undertaking an issuance of Securities (Corporate Bonds and Sukuk) by way of private placement in the Private Securities Segment.

Chapter 2

General Principles

- Prohibition of publication of unregistered prospectus
3. Pursuant to the Maldives Securities Act (Law No. 2/2006) and the Companies Act (Law No. 7/2023), it is prohibited to publish a prospectus or represent that a prospectus has been published without the prior approval of the Authority.

- Completeness and accuracy of information
4. The information disclosed in a Prospectus shall be true, complete, and accurate.
- Duty to inform the Authority of any significant changes
5. (a) Any person liable for the Prospectus who becomes aware of a significant change or new matter affecting its contents during the period of the Prospectus shall notify the Authority within 48 hours of such change or matter arising.
- (b) The Company or the Principal Adviser shall comply with the advice and instructions of the Authority regarding any significant new information or changes to existing information in the Prospectus, as required under subsection (a) of this section, by issuing a supplementary or replacement Prospectus in accordance with Sections 159 and 173 of this Regulation.
- Disclosure of information in the prospectus
6. Information to investors must be presented in a manner that can be easily understood to enable them to assess and make an informed investment decision. In drafting the Prospectus, persons responsible for the contents of the Prospectus must ensure that–
- (a) All information is written in a clear and concise manner, and easy-to-understand sentences are used;
- (b) Comparative information is meaningful and presented in a fair and balanced way, and the source of information is disclosed;
- (c) Key information is prominently presented;
- (d) The parts of the prospectus shall be presented in the order specified in this regulation.

- Providing up to date information 7. The cut-off date for information to be disclosed in the Prospectus must be the latest practicable date available prior to the issue of the Prospectus.
- Design and layout 8. A Prospectus must be prepared in a simple design and layout with a font and type size that is easy to read.
- Guidance Notes 9. Guidance on the application of the requirements of this Regulation has been provided, where appropriate. Any departure from the Guidance will be taken into consideration in the Authority’s assessment on whether a breach of this Regulation had occurred.
- Exemptions 10. The Authority may, upon application, grant an exemption from or a variation to the requirements of this Regulation if the Authority is satisfied that the following criteria are met. Thereafter, an exemption or variation shall be referred to as “relief” in this Regulation.
- (a) such variation is not contrary to the intended purpose of the relevant requirement in this Regulation; or
 - (b) Authority is satisfied that such exemption or alternative information proposed is sufficient or equivalent to achieve the original purpose of the Regulation.

Chapter 3

Contents of a Prospectus (For the issuance of equity)

Part 1: Cover Page & First Page

- Cover Page 11. The cover page shall include the following information and statements:

- (a) Name of the company;
- (b) Place of incorporation;
- (c) Registration number;
- (d) The date of the Prospectus;
- (e) The following statement:

“No shares will be allotted or issued based on this Prospectus after 6 (six) months from the date of this Prospectus.”

- (f) The following statement, to appear in bold:

“INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE [XX].”

- (g) The following statement:

“This Prospectus has been registered by the Capital Market Development Authority. The registration of this Prospectus should not be taken to indicate that the Capital Market Development Authority recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed, or report contained in this Prospectus. The Capital Market Development Authority has not, in any

way, considered the merits of the securities being offered for investment.”

(h) The following statement:

“The Capital Market Development Authority is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.”

(i) For companies seeking listing on the SECOND BOARD of the Stock Exchange, the following statement is to be included and highlighted in bold and a prominent colour:

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

First Page

12. The first page shall include the following statements:

(a) Responsibility Statements:

(1) “The directors and promoters of the company [and/or the offeror, (where appropriate)] have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.”

(2) [Name of principal adviser], being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.”

(3) Where future financial information is provided:

“The directors and promoters of the company [and/or the offeror, (where appropriate)] confirm that the bases and assumptions relied on in the preparation of the future financial information are reasonable.”

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

(b) Statements of disclaimer:

(1) Where applicable:

“The valuation utilised for the purpose of the corporate exercise should not be construed as an endorsement by [the Capital Market Development Authority, or Maldives Stock Exchange (where appropriate)], on the value of the subject assets.”

(2) Where applicable:

“Admission to the Official List of [Name of the Stock Exchange], is not to be taken as an indication of the merits of the offering, company, or its shares.”

(c) Other statements:

(1) “Investors should note that they may seek recourse under the Law number 2/2006 (Maldives Securities Act) for breaches of the law including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the company.”

(2) “Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Law number 2/2006 (Maldives Securities Act), is responsible.”

- (3) For companies whose shares have been classified as Shariah compliant, the following statement shall be stated:
- “The shares of this company are classified as Shariah compliant by the Capital Market Shariah Advisory Council of the Capital Market Development Authority. This classification remains valid from the date of issue of the Prospectus until the next Shariah compliance review undertaken by the Capital Market Shariah Advisory Council of the Capital Market Development Authority.”
- (d) Where the shares being offered are seeking listing on the official list of the Stock Exchange, the following statements:
- (1) A statement that ‘in principle approval’ for the listing and quotation of the shares on the stock exchange of the Maldives or other similar exchange outside Maldives has been granted; and
- (2) “Where the Stock Exchange has cancelled the ‘in principle approval’ granted, based on the results of the offering, the company will repay without interest all monies received from the applicants.”
- (e) The following statement:
- "In the event that listing approval is not granted by the Stock Exchange within fourteen (14) market days after the close of the offering, the in-principle approval shall be deemed to have been cancelled."

(f) For a company where its Shares are not seeking listing on the stock exchange, the following statements is to be included and highlighted in bold and prominent color:

(1) **“WE ARE A COMPANY WHERE OUR SHARES ARE NOT SEEKING LISTING ON THE STOCK EXCHANGE. OUR OFFERING MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH THE COMPANY’S LISTED ON THE STOCK EXCHANGE. THE SHARES OF A COMPANY WHERE ITS SHARES ARE NOT SEEKING LISTING ON THE STOCK EXCHANGE ARE LESS LIQUID AS THE SHARES ARE NOT PUBLICLY TRADED ON THE STOCK EXCHANGE. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN OUR COMPANY AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.”**

(2) If the company intends to facilitate the trading of its shares through a system approved by the Authority, other than the stock exchange's trading mechanism, it shall disclose this intention and provide details of the system in a statement.

Indicative Timeline 13. Disclose the timeline, including the following critical dates, where applicable:

(a) (1) Opening and closing date of the offering (subscription period);

(2) Date for allotment of shares;

(3) Deposit date; and

(4) Listing date.

(b) The method by which the market will be informed of any changes to the timeline prescribed under subsection (a) of this Regulation shall be disclosed.

(c) The opening date, as stated in subsection (a)(1) of this section, shall be no earlier than 14 days after the prospectus date.

(d) Any material change to the timeline following the registration of the Prospectus shall be deemed a significant change affecting the disclosures made in the Prospectus.

Corporate Directory 14. The directory shall contain the following parties and their details, where applicable:

(a) Name, designation, nationality and address of each director, including whether the director is independent or non-independent;

(b) Name, address, and professional qualification, including any membership in a professional body, of the company secretary;

(c) Company Address, Taxpayer Identification Number (TIN), telephone number, email and website addresses of the company's registered office, head or management office;

(d) Names and addresses of the following parties, where applicable:

(1) Principal adviser;

- (2) Legal adviser (in relation to prospectus);
 - (3) Share registrar;
 - (4) Underwriter;
 - (5) Placement agent;
 - (6) Shariah adviser;
 - (7) Any other person connected to the Prospectus.
- (e) Name, address and professional qualification, including any membership in a professional body, of the company's external auditor;
- (f) Name, address, and qualifications of any expert whose reports, excerpts, or summaries are included in or referred to in the Prospectus shall be disclosed. If the expert is a company or firm, the names of the individuals responsible for preparing such reports, excerpts, or summaries shall also be provided;
- (g) Name of the stock exchange where the shares are already listed, or the listing is sought in relation to the Prospectus.
- (h) For the purposes of subsection (d)(7) of this section, where the company appoints a person to provide financial advice in relation to the Prospectus, the salient terms of engagement and scope of work of such person shall be disclosed in the Prospectus.

- Approvals and 15. (a) Disclose all approvals and conditions imposed by relevant authorities in Conditions relation to the offering and the status of compliance on such conditions.
- (b) For any specific relief obtained from compliance with the Act, guidelines and other regulatory requirements, to disclose the details of the relief granted.
- (c) If there is any moratorium on shares, the following details shall be disclosed:
- (1) the name of the shareholder;
 - (2) the authority or any other party which imposed the moratorium;
 - (3) the number of shares under moratorium; and
 - (4) the terms of the moratorium including commencement and expiry of the moratorium.
- (d) Laws and regulations specifically applicable on the business of the company and a statement of compliance with regard to such Laws and regulations.

Part 2: Prospectus Summary

- Introduction 16. (a) The Prospectus Summary shall provide a concise overview of the company and highlights of significant matters disclosed elsewhere in the Prospectus. The Prospectus Summary shall not exceed 10 pages and shall be placed at the beginning of the Prospectus.

(b) The following points should be taken into account in the compilation of the Prospectus summary;

(1) give a fair and balanced view of nature, material benefits and material risks of the shares offered; and

(2) be consistent with the disclosures in other parts of the Prospectus.

(3) At the top of the Prospectus Summary, the following warning statement shall be disclosed in bold:

“This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our shares.”

Principal details of the Offering 17. Disclose in the prospectus summary the details of shares being offered to different groups of investors including:

(a) number of shares;

(b) offer price; and

(c) moratorium imposed on the shares, if any.

Business model 18. Describe in the prospectus summary the key features of the company’s business model including:

(a) Nature of the operations and principal activities;

(b) Principal markets in which the company operates; and

(c) Place of incorporation.

Competitive position and business strategy 19. Briefly describe the company's competitive position and business strategies in the prospectus summary.

Risk factors 20. Disclose in the prospectus summary risk factors that would have a material adverse effect on the company's business operations, financial position, and shareholders' investments in the company.

Directors and senior management 21. List out the name and designation of each director and member of key senior management in the prospectus summary.

Promoters and substantial shareholders 22. Disclose in the prospectus summary the following details of the promoters and substantial shareholders:

(a) Name;

(b) Nationality or country of incorporation; and

(c) Number and percentage of shares held in the company, before and immediately after the offering.

(d) Where the shares are held indirectly in the company, the information specified in subsections (a) to (c) shall be disclosed in respect of the ultimate beneficial owner.

- Utilizations of proceeds 23. Disclose the estimated gross proceeds from the offer, segregated into each principal intended use and the time frame for such utilization.
- Financial and operational information 24. Disclose in the prospectus summary the financial and operational highlights of the company. The highlights shall be disclosed for each financial year for the period covered by the historical financial information as disclosed in the Prospectus.
- Dividend policy 25. Briefly disclose the company's dividend policy in the prospectus summary.
- Guidance notes on prospectus summary** 26. The Prospectus summary should include appropriate cross-references to the specific sections of the Prospectus which set out the full details on the respective matters.

Part 3: Offer Details

- Details of the offering 27. Details of the shares being offered shall be disclosed, including the following:
- (a) The number of shares proposed to be offered, including a breakdown of shares allocated to different categories of investors, if applicable;
 - (b) If, in conjunction with the offering, shares of the same or another class are sold or subscribed privately, the nature of such sales or subscriptions and the number and characteristics of the offering concerned, including details of any underwriting or undertaking arrangements; and
 - (c) If there are other securities offered in conjunction with the offering, details of such securities shall be disclosed.

- Share Issuance via Rights Offering 28. Where the shares are offered by way of rights or allotted to the existing shareholders of the holding company, the following shall be disclosed.
- (a) The procedure for allocating the shares;
 - (b) The last date of acceptance and payment in relation to the offering;
 - (c) How fractions arising from the rights allocation are treated;
 - (d) Whether the offer is renounceable or non-renounceable; and
 - (e) Whether approval from the shareholders of the holding company has been obtained.
- Price of Shares 29. Details about the pricing of shares, including—
- (a) the price offered to different categories of shareholders, the minimum price at which the shares may be sold, where applicable, and the maximum price at which the shares may be sold (The price of the shares shall be their face value, as stated in the share certificate in accordance with the Companies Act (Law No. 7/2023). Shares shall not be sold at a price below their face value).
 - (b) the basis for determining the offer price.
- History of market prices 30. If the shares are already listed on a stock exchange outside Maldives, information on the price history of the shares shall be disclosed as follows, where applicable:

- (a) For the 3 (three) most recent full financial years: the annual highest and lowest market prices;
- (b) For the 2 (two) most recent full-financial years and any subsequent period: the highest and lowest market prices for each full financial quarter;
- (c) For the most recent 6 (six) months preceding the date of the Prospectus: the highest and lowest market prices for each month;
- (d) For pre-emptive rights to subscribe or purchase shares, to disclose:
 - (1) the highest and lowest market price for the first trading day in the most recent 6 (six) months preceding the date of the Prospectus; and
 - (2) the closing market price on the last trading day before the announcement of the offer and, if different, on the latest practicable date prior to the issuance of the Prospectus;
- (e) Information shall be given with respect to the market price in the host market and the principal trading market outside the host market, where applicable.

Trading suspension 31. The company shall disclose any significant trading suspension that occurred in the 3 (three) years preceding the latest practicable date. If the shares are not regularly traded in an organized market, information shall be given about any lack of liquidity.

- Plan of distribution 32. Where a company intends to allocate shares to eligible directors, employees, or other persons under a preferential allocation scheme, the company shall disclose the following.
- (a) A brief description of the criteria of allocation as approved by the board of directors;
 - (b) The total number of persons eligible for the allocation; and
 - (c) Where the directors of the company are eligible for the allocation scheme, the number of shares to be allocated to each director.
- Price stabilization 33. Disclose any price stabilization mechanisms that were employed.
- Other allocation arrangements 34. (a) If the offering is being made simultaneously in the markets of 2 (two) or more countries and if a tranche has been or is being reserved for certain markets, provide information about the tranche and details of any other allocation arrangement.
- (b) Outline the plan for the distribution of shares proposed to be offered other than through underwriters, if applicable. Specify the number of such shares and describe the nature of the sales or subscription arrangements involved.
 - (c) For any offering where there are excess shares to be allocated, the company shall state that the allocation of the excess shares will be made in a fair and equitable manner.

- Information on 35. To the extent known to the company, disclose if–
Prospective
Subscribers
- (a) any substantial shareholder, director or member of key senior management intends to subscribe in the offering; or
 - (b) any person intending to subscribe for more than 5% (five percent) of the offering.
- Selling Shareholders 36. Where applicable, disclose the following information on the selling shareholders:
- (a) The name and address of the person or entity offering to sell the shares, the nature of any position, office or other material relationship that the selling shareholder has had within the past 3 (three) years with the company or any of its predecessors;
 - (b) The number and class of shares that each shareholder intends to sell individually, together with the percentage of shares held by each shareholder in relation to the company’s share capital before and after the sale; and
 - (c) The number and percentage of shares of each class beneficially held by the selling shareholder as at the latest practicable date and immediately following the offering.
- Dilution 37. The following information regarding dilution shall be provided:

- (a) if there is a substantial difference between the effective cash cost of the shares or rights held by the following individuals in transactions carried out over the past three (3) years, the effective cash contribution of the shares or rights held by these individuals, together with the public contribution of the offering, shall be disclosed for comparison in a table.
- (1) directors;
 - (2) key senior management;
 - (3) substantial shareholders; or
 - (4) Other related persons to the offering.
- (b) the number and percentage of immediate dilution resulting from the offering shall be disclosed. In calculating dilution, the difference between the offer price of the shares and the net asset value per share at the end of the most recent audited financial year, or during that period, shall be taken into account.

The net asset value shall be adjusted to reflect changes resulting from this offering, as well as any disposals or acquisitions that occurred during the last audited financial year or during that period, and as of the date of this prospectus.

- (c) Where the information on dilution has been prepared using certain assumptions and after making certain adjustments on a pro forma basis, state such fact; and

- (d) In the case of an offering to existing shareholders, disclose the number and percentage of immediate dilution if they do not subscribe to the new offering.

Use of proceeds

- 38. Where applicable, the following information shall be disclosed regarding the use of proceeds:
 - (a) The minimum level of subscription in order to satisfy the objectives of the offering and the basis for determining the minimum level, where the offer is not fully underwritten on a firm commitment basis;
 - (b) The estimated gross proceeds from the offering categorized into each principal intended use and the timeframe for full utilization of such proceeds. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purposes shall be given, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilization for the proposed purposes;
 - (c) If the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost;
 - (d) If the proceeds may or will be used to finance acquisitions of other businesses, give a brief description of such businesses and information on the status of the acquisitions;
 - (e) If any material part of the proceeds is to be used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such

indebtedness. For indebtedness incurred within the last 12 months preceding the date of the prospectus, the manner in which the proceeds of such indebtedness were used shall be disclosed.

(f) An analysis of the following:

The information may be given subject to future contingencies, if the amounts of any items are not known, estimates shall be identified and disclosed as such;

(1) Expenses incurred in connection with the issuance and distribution of the shares being offered that are payable by, or on behalf of the company;

(2) If any of the shares are offered by existing shareholders, expenses to be borne by, or on behalf of, such selling shareholders; and

(3) Expenses specifically borne by the subscriber or purchaser of the shares being offered.

(g) Brokerage arrangements and commissions, including underwriting and placement fees.

Underwriting
Agreements

39. The Prospectus shall contain details of any underwriting agreements entered into by the company, including—

(a) the scope of the underwriting arrangement, together with the justifications for such arrangement;

(b) name of the underwriter together with the number of shares underwritten by each underwriter;

- (c) amount of underwriting commissions; and
- (d) summary of the salient terms which may allow the underwriters to withdraw from their obligations under the agreement after the commencement of the offering.
- (e) If the offering is not underwritten, a statement of this fact and the justifications shall be provided.

Guidance notes on 40. Details on the basis for determining the minimum level of subscription should include factors such as complying with the public shareholding spread requirements and the level of funding required by the company.

Guidance notes on 41. If the company intends to use the proceeds for general working capital, it should clearly explain the specific items of the company's general working capital and how the proceeds would be used for each item.

Part 4: Promoters, substantial shareholders, Directors, key senior management, and key technical personnel

Promoters and 42. Disclose details on the company's promoters, direct and indirect substantial shareholders, including:

substantial shareholders

- (a) Name;
- (b) Principal activity and other background information;

- (c) Nationality or country of incorporation;
- (d) Number and percentage of shares held in the company, before and immediately after the offering. Where the shares are held indirectly in the company, disclose the ultimate beneficial owner;
- (e) Any significant change in the direct or indirect shareholding during the past three years;
- (f) If the substantial shareholder or promoter has different voting rights from the other shareholders of the company, or an appropriate negative statement;
- (g) To the extent known to the company, provide a description of the persons, who, directly or indirectly, jointly or severally, exercise control over the company. Such descriptions shall include the nature of such control including number and proportion of shares held; and
- (h) Describe any arrangement of which may, at a subsequent date, result in a change in control of the company.
- (i) Disclose details of the amounts or benefits paid or intended to be paid or given to any promoter or substantial shareholder within the 2 (two) years preceding the date of the Prospectus.

Directors, key senior
management, and
key technical
personnel

43. The following information shall be disclosed with respect to the company's directors, key senior management, and key technical personnel:

- (a) Name, educational and professional qualifications, as well as past business, management, or technical experience;
- (b) Functions and areas of experience or responsibility in the company;
- (c) Principal business activities are performed outside the company. This includes other principal directorships at present and in the last five years. Disclose whether such involvement affects their contribution to the company or an appropriate negative statement;
- (d) Representation of corporate shareholders, where applicable; and
- (e) The nature of any association or family relationship between the substantial shareholders, promoters, directors, key senior management and key technical personnel.

- Board Policies 44. Disclose details on board policies and practices, as follows:
- (a) The date on which the current term of directorship expires, if applicable, and the length of time each director has served in that role; and
 - (b) The board committees established including the names of the committee members and a summary of the terms of reference for each committee.
- Service Contracts 45. If there are any existing or proposed service contracts between the company
related information and its directors, key senior management or key technical personnel, which provide for benefits upon termination of employment, salient details shall be disclosed.
- Details of the 46. Provide the direct and indirect shareholding of each director, member of key
shareholding senior management and key technical personnel in terms of number and

percentage of shares held in the company as at the latest practicable date and immediately after the offer.

- Remuneration of 47. directors, and key senior management
- (a) For the last financial year, disclose the remuneration and material benefits in-kind of each director and member of key senior management, for services in all capacities to the company, including—
- (1) payment made in relation to a bonus or profit-sharing plan, and provide a brief description of such plan and the basis upon which such persons participated in the plan; or
 - (2) The number of shares exercised from share options, the exercise price, and the purchase price, if any, or appropriate negative statement.
 - (3) for the purposes of subsections (a) and (b) of this section, disclosure of information shall include any contingent or deferred salaries and benefits. Where any part of the salary or benefits is provided as a share option, the disclosure shall include the details of the shares, the exercise period, and the expiration date.
- (b) For the current financial year, disclose the amount of remuneration and material benefits in-kind paid and to be paid to each director and member of key senior management, for services in all capacities to the company, including—

- (1) payment made in relation to a bonus or profit-sharing plan, and to provide a brief description of the plan and the basis upon which such persons participated in the plan; or
 - (2) the number of shares exercised from share options, the exercise price, and the purchase price, if any, or appropriate negative statement.
 - (3) for the purposes of subsections (a) and (b) of this section, any amount not yet paid may be excluded from the remuneration disclosed; provided that such exclusion is explicitly stated.
- (c) The remuneration and material benefit in-kind as mentioned in subsections (a) and (b) of this section shall be disclosed—
- (1) on a named basis and the actual amount for each component of the director’s remuneration and material benefits in-kind; and
 - (2) in bands of MVR 50,000 for each member of key senior management.

Management reporting structure 48.

Disclose the management reporting structure of the company.

Declaration by each promoter, director, member of key senior management and key technical personnel 49.

Disclose the involvement of each promoter, director, member of key senior management, or key technical personnel in the following, whether in or outside the Maldives:

- (a) In the last 10 (ten) years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any company of which he was a director or member of key senior management;
- (b) Such person was disqualified from acting as a director of any company, or from taking part directly or indirectly in the management of any company;
- (c) In the last 10 (ten) years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding. If convicted, the date shall be calculated from the date of conviction or if sentenced to imprisonment, from the date of release from prison;
- (d) In the last 10 (ten) years, any judgment rendered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) In the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) Such person was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;

- (g) In the last 10 (ten) years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (h) Any unsatisfied judgment against such person.

Part 5: Company Information

Company
Background

- 50. Details on the background of the company shall be disclosed, including:
 - (a) The legal and commercial name of the company;
 - (b) Date and place of incorporation together with the registration number of the company. For a foreign-incorporated company, to also include the registration number allocated to such company as a foreign company re-registered in the Maldives under the Companies Act;
 - (c) The important events in the history and development of the group and its business;
 - (d) If the company is part of a group, disclose the group's organization structure together with notes describing the structure;
 - (e) The information on each of the company's subsidiaries, joint ventures and associated companies including:
 - (1) Name;
 - (2) Date and place of incorporation together with the registration number;

- (3) Principal place of business;
 - (4) Principal activities; and
 - (5) Proportion of ownership interest and, if different, proportion of voting power held by the company.
- (f) Amount and description of the group's material investments and material divestitures, including geographical location—
- (1) for each financial year for the period covered by the historical financial information as disclosed in the Prospectus up to the latest practicable date;
 - (2) in progress, and the method of financing (internal or external); and
 - (3) which the company has already made firm commitments.
- (g) Any take-over offer, by a third party for the company's shares or by the company for other company's shares, which have occurred from the beginning of the last financial year to the latest practicable date. Details of the take-over offer shall include the price or exchange terms of the offer and its outcome.

- Business overview 51. Details on the group's business shall be disclosed, including:
- (a) Nature of the operations and principal activities, stating the main categories of the products sold or services performed;

- (b) Principal markets in which the group operate, including an analysis of total revenue by category of activity and geographic market;
- (c) Significant products or services introduced and, to the extent the development of new products or services has been publicly disclosed, give their status of development;
- (d) If a statement on the group's competitive position is disclosed, the basis for such statement;
- (e) The seasonality of the business or appropriate negative statement;
- (f) Sources and availability of raw materials or input, including volatility of prices for principal raw materials, if applicable;
- (g) The marketing activities including distribution channels;
- (h) Where the group's business or profitability is materially dependent on the following items, a summary of information regarding the extent of the group's dependency on such item; Such information shall include the salient terms, approvals and conditions attached, and status of compliance, where applicable;
 - (1) Contracts including commercial or financial contracts;
 - (2) Intellectual property rights including patents and copyrights;
 - (3) Licenses and permits; or

(4) Production or business processes.

(i) Research and development policies. Where it is significant, include the amount spent on research and development activities, as a percentage of the net revenue for the period covered by the historical financial information as disclosed in the Prospectus; and

(j) Any relevant laws, regulations, rules or requirements governing the conduct of the group's business and environmental issues which may materially affect the group's business or operations. Where there has been a non-compliance incident of the aforesaid, the following information shall be disclosed:

(1) Nature and extent of non-compliance;

(2) Rectification measures taken or to be taken including estimated time and cost;

(3) Penalties imposed or potential maximum penalty which may be imposed;

(4) Degree of impact or potential impact to the group's business operations or financial performance; and

(5) Measures to be undertaken by the company to provide updates on the status of the non-compliance incident to its shareholders, where applicable.

Business strategies 52. Provide an overview of the company's business strategies, including the time frame to realize these strategies.

- Material contracts 53. Disclose all material contracts, not being contracts in the ordinary course of business, entered into within the period covered by the historical financial information as disclosed in the Prospectus up to the latest practicable date before the Issue. The following particulars shall be disclosed for each contract:
- (a) Effective date and duration of the contract;
 - (b) Parties to the contract;
 - (c) Subject matter of the contract; and
 - (d) The consideration and the manner it is to be satisfied.
- Property, plant and equipment 54. The company shall provide information regarding material properties, including;
- (a) location, size, and use of the property;
 - (b) status of the property, whether it is freehold, leasehold or rental; and
 - (c) major encumbrances.
 - (d) The company shall disclose the productive capacity and extent of utilization of the material plant and equipment for the current financial year.
 - (e) On material plans to construct, expand or improve property, plant and equipment, describe—
 - (1) the nature and reason for the plan;

- (2) an estimate of the amount of expenditure including the amount already paid;
- (3) the method of financing the activity;
- (4) the estimated dates of start and completion of the activity; and
- (5) the increase of production capacity anticipated after completion.

- Employees 55. Provide information regarding employees, including—
- (a) the number of employees at the end of the period or average number of employees for the most recent financial year. If possible, to categorize the employees according to activity and geographical location;
 - (b) if the company employs a significant number of contractual employees, the average number of contractual employees in the most recent financial year; and
 - (c) if employees are members of any union, the name of the union. Disclose if there has been any industrial dispute in the past.
- Major customers 56. Describe the top five major customers for each financial year for the period covered by the historical financial information as disclosed in the Prospectus. Such details shall include—
- (a) length of relationship with the company;

- (b) contribution to the company's revenue in terms of amount and percentage;
- (c) whether or not the company is dependent on the major customer for business or appropriate negative statement;
- (d) Where the company has no major customers, to state the fact and describe the customer base.

- Major suppliers 57. Describe the top five major suppliers for each financial year for the period covered by the historical financial information as disclosed in the Prospectus. Such details shall include—
- (a) length of relationship with the company;
 - (b) contribution to the company's total purchases in terms of amount and percentage; and
 - (c) whether or not the company is dependent on the major supplier.
 - (d) Where the company has no major supplier, to state the fact and describe the supplier base.
- Exchange controls 58. Describe any governmental law, decree, regulation, or other requirement that may affect the repatriation of capital and the remittance of profit by or to the company. Also, explain how these would impact the availability of cash and cash equivalents for use by the company and the remittance of dividends, interest, or other payments to shareholders of the company.

- Guidance note on 59. Reference to “group” in this chapter means the group of entities, where the company information is a holding company.
- Guidance note on 60. Examples of such important events would include submission of previous important events material corporate proposals to the relevant authorities by the company.
- Guidance note on 61. A description of the group’s organization structure should include the identities organizational structure of the shareholders of each non-wholly owned subsidiary, joint venture and associated company.
- Guidance note on 62. Where it is relevant to understand how the company generates revenue through business overview its business model, a description of the following information may be included;
- (a) Operating or trading mechanisms, including flow-charts of production or businesses processes, which are critical for the company’s business; and
 - (b) Technology used or to be used.
- Guidance note on 63. Where the basis for such a statement relates to the company’s competitive competitive position position in the industry, a discussion on the industry may be provided to assist investors in making an informed investment decision. Such discussion should be guided by the following:
- (a) The discussion should be specific to the company’s business and industry, and only to the extent it affects the company’s business model

and the investor's investment decision. To enable investors to focus on pertinent matters relating to industry, the discussion should be concise and generally be no more than 10 pages;

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

Guidance note on 64. The discussion should contain the following:
business strategy

- (a) Expansion plans to be adopted such as site selection, expected capacity, time frame for implementation, proposed capital expenditure and source of funding, strengthening sales network, vertical or horizontal expansion, and entering into long-term contracts.
- (b) Whether the company has identified any acquisition target (if not, an appropriate negative statement) and details of the selection criteria.

- Guidance note on major customers and major supplier
65. Disclosure of the name of major customer or major supplier is encouraged. Where the name of the major customer or major supplier is not disclosed, the following information should be provided:
- (a) Principal activity and principal market in which the customer or supplier operates;
 - (b) Information on the holding company where the customer or supplier is a subsidiary, including if the holding company is listed on the stock exchange or other similar exchange outside Maldives; and
 - (c) Reason for the non-disclosure.
 - (d) In the event there is fewer than 5 (five) major customers or suppliers, this fact should be stated.

Part 6: Risk Factors

- Risk Factors
66. Describe risk factors that would have a material adverse effect on the company's business operations, financial position, and results, and shareholders' investments in the company. The risk factor reflects the likelihood of occurrence and the impact on the business of the company.
- Guidance note risk factors
67. (a) Risk factors that relate to each other should be grouped together. Appropriate and meaningful headings and sub-headings should be adopted. For example, headings shall include risks relating to the company, its business, its industry and its offering.

- (b) Risk factors should be listed in such a manner whereby the risks that would have the highest impact should be prominently disclosed at the beginning of each section.
- (c) The purpose of risk factors is to provide meaningful cautionary statements to investors. Hence, any disclaimer statement should not be so wide so as to prevent risk factors from having this effect. For example, the use of the following statement should be avoided:

“The risks and investment considerations set out below are not an exhaustive or exclusive list of the challenges that we currently faced or that may develop in future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our shares.”
- (d) Risk factors should not be disclosed in a vague and generic manner. It should be specific and tailored to the company’s risks or uncertainties. This means that the disclosure should not merely disclose the facts or circumstances that give rise to the existence of the risk. Each risk factor should be described to place the risk in context so that investors can understand the nature of, or circumstances giving rise to, the risk or uncertainty as it affects the company, its operations and shares, or the offering. For example;

when disclosing the company’s business overview, it would not be appropriate to provide a general statement that “the company is dependent on a major customer”. An adequate risk disclosure would be

to state the revenue contribution by the major customer as this would clearly illustrate the company's dependency on such major customers.

In addition, the description on the major customer should include the name of the major customer and its relationship with the company, level of sales and how the loss of such a major customer would have a material adverse effect on the company;

if the company is dependent on a major supplier, it would not be appropriate to provide a general statement that "the company is dependent on a major supplier" without details of the name of the major supplier, level of purchases, length of relationship with the company and how the loss of such major supplier would have a material adverse effect on the company; or

the company is dependent on licenses or permits, it would not be appropriate to have a risk factor on possible non-renewal of such licenses or permits unless there is a genuine and specific reason for such a risk.

- (e) There should be no mitigating facts that could cause confusion regarding the nature of the risk or its materiality.

Part 7: Related Party Transactions

Related party transactions 68. The following information on related party transactions shall be disclosed in the Prospectus:

- (a) For the period covered by historical financial information in the prospectus, the nature and extent of each related party transaction which is material to the company;
- (b) For the period covered by historical financial information in the prospectus, the nature and extent of each related party transaction that is unusual in nature or condition;
- (c) For the period covered by the historical financial information in the prospectus, details on loans made by the company to or for the benefit of a related party that is material to the company, including:
 - (1) amount owing as at the latest practicable date;
 - (2) amount classified as short-term and long-term;
 - (3) in the case of foreign currency-denominated loans, the amount owing for such loans with the corresponding foreign currency amount; and
 - (4) purpose and terms of each loan; and
- (d) For the period covered by the historical financial information, the amount of financial assistance paid to any related party;
- (e) For the period covered by the historical financial information, Where transactions with related parties are not individually material but, due to their similar nature, may reasonably be aggregated and considered material when viewed collectively, the Company shall disclose the

nature and extent of such transactions along with the salient terms and conditions of the related contracts.

- (f) Disclose the nature and extent of any related party transaction, after the period covered by the historical financial information in the prospectus, up to the date of the Prospectus, which is material to the company;
 - (1) Transactions that took effect after the period covered by the historical financial information in the Prospectus; or
 - (2) Transactions entered into but have not yet taken effect.

Additional
information
regarding related
party transactions

69. For each transaction disclosed pursuant to section 68 to state:

- (a) Whether the transaction has been carried out on an arm's length basis;
or
- (b) Where a transaction has not been carried out on an arm's length basis, the procedure undertaken to ensure that these transactions will be carried out on an arm's length basis in the future.

Guidance notes on
related party
transactions

70. When disclosing the nature and extent of material related party transactions, the following information shall be provided.

- (a) Relationship between the company and the related party;

- (b) Types of transaction such as supply of goods or services, rental and sales;
- (c) Where the transaction is for an agreed period of time, the expiry date of such arrangement; and
- (d) Where the expiry date of such arrangement occurs after the listing date, the salient terms of the arrangement include pricing, terms of renewal, termination or withdrawal rights and penalty clauses.
- (e) The amount of the transaction; and
- (f) The percentage to which the transaction forms part of revenue, cost of sales, net assets or liabilities or profit after tax of the company, as relevant.

Part 8: Conflict of Interest

Directors' and 71. Where a director or substantial shareholder has a direct or indirect interest in substantial shareholders' any entity which is carrying on a similar trade as the company or a customer conflict of interests or supplier of the company, the following shall be disclosed.

- (a) Name of that entity;
- (b) The main business activity of the entity;
- (c) Name of the director or substantial shareholder involved;
- (d) Nature and extent of his interest in that entity and the extent to which he is involved in the management of that entity either directly or indirectly;

- (e) Steps taken to resolve, eliminate or mitigate the conflict of interest.
- (f) If there are factors to demonstrate that the substantial shareholder is not in a conflict of interest situation, to explain such factors.

Conflict of interest of experts 72.

Where an expert is named in the Prospectus, include the declaration of the expert who has existing or potential–

- (a) interest in the company; or
- (b) conflict of interest vis-à-vis the company.

Guidance note on conflicts of interests 73.

Examples of factors where the Authority would generally not consider there to be a conflict of interest situation in relation to a substantial shareholder are as follows:

- (a) The substantial shareholder’s policy or objective is only for investment purposes, and its role or action is limited to formulating corporate or business strategies for its portfolio of investee companies which do not create a conflict with the company’s business or operations. In addition, the substantial shareholder does not participate in the day-to-day management or operations of its investee companies; or
- (b) Where the substantial shareholder’s business may potentially compete with the company, there is a clear delineation of business, such as differences in target customer segments, geographical presence, products or services sold or separate management teams.

Part 9: Financial Information and Reports

- Company's
Financial
information and
reports
74. (a) The financial information of the company, unless the context otherwise requires, includes the group of entities where the company is a holding company.
- (b) This chapter sets out the minimum financial information that a company shall include in a Prospectus.
- Financial
information
75. (a) The audited financial statements disclosed in the Prospectus shall be prepared in accordance with the approved accounting standards.
- (b) The company shall disclose selected financial information from the audited financial statements provided in the Prospectus, where–
- (1) In the case of a company seeking listing of its shares on the Main Board of the Main Market under the profit test, at least for 2 (two) to 5 (five) full financial years;
- (2) In the case of a company seeking the listing of its shares on the Main Board of the Main Market under the market capitalization test, at least for the 2 (two) most recent financial years or such shorter period the company has been in existence;
- (3) In the case of a company seeking the listing of its shares on the Second Board of the Main Market under the profit test, at least for the 2 (two) most recent financial years;

- (4) In the case of a company seeking the listing of its shares on the Second Board of the Main Market under the market capitalization test, at least for the 2 (two) most recent financial years or such shorter period the company has been in existence.
- (c) The date of issuance of the Prospectus shall not be later than 12 (twelve) months from the end of the most recent financial year. In the event that the Prospectus is issued beyond this 12 (twelve) month period, the Company shall provide management accounts and disclose selected financial information accordingly.
 - (d) The selected financial information required to be disclosed shall include, at a minimum, the information stipulated below. Where management accounts are included in the Prospectus, comparative information for the corresponding period in the most recent financial year shall also be disclosed. The comparative management accounts are not required to be audited.
 - (1) Revenue;
 - (2) Gross profit and gross profit margin;
 - (3) Other income;
 - (4) Depreciation and amortisation;

- (5) Finance costs;
- (6) Share of profits and losses of associates and joint ventures;
- (7) Profit or loss before tax and profit margin;
- (8) Tax expense;
- (9) Dividend;
- (10) Profit or loss attributable to minority interest and equity holders of the parent;
- (11) Basic and diluted earnings per share;
- (12) Total non-current assets and total non-current liabilities;
- (13) Total current assets and total current liabilities;
- (14) Total assets and total liabilities;
- (15) Net assets or net liabilities;
- (16) Issued capital and reserves;
- (17) Non-controlling interest;

(18) Earnings per share;

(19) Cashflow per shares; and

(20) Net assets per shares.

- Capitalization and indebtedness 76. Provide a statement of capitalization and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as of a date no earlier than 60 (sixty) days prior to the date of the Prospectus, showing the company's capitalization and, where applicable, as adjusted to reflect the new securities being offered and the intended application of the proceeds. Indebtedness also includes indirect and contingent liabilities.
- Managements' discussion and financial analysis 77. To provide the management's discussion and analysis of the company's financial condition, changes in the financial condition, and results of operations for each year and interim period for where the financial information is provided in the Prospectus.
- (a) material changes from year to year in relation to the selected financial information;
 - (b) the nature and conditions of the business, its risk factors and business operations, and the prevailing economic situation; and
 - (c) accounting policies which are peculiar to the company because of the nature of the business or the industry it is involved in.
- Results of Operations 78. The following shall be disclosed in relation to the results of operations.

- (a) Provide information regarding any significant factor, including unusual or infrequent events or new developments, which materially affected profits and to indicate the extent the profits were affected. Describe any other significant component of revenue or expenditure necessary to understand the company's results of operations;
- (b) Where the financial statements disclose material changes in revenues provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or number of products or services being sold or to the introduction of new products or services between corresponding periods;
- (c) If material, the impact of fluctuations of foreign exchange rates or interest rates on the company, and the extent to which foreign currency exposure and investments are hedged by currency borrowings or other hedging instruments;
- (d) If material, the impact of inflation on the company or an appropriate negative statement; and
- (e) Disclose any governmental economic, fiscal, or monetary policies or related factors that have had, or may have, a material impact on the company's operations.

Liquidity and capital resources 79. Liquidity and capital resources (both short and long term) shall be disclosed:

- (a) Provide the following information regarding liquidity:

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

corresponding foreign currencies amount. Gearing ratios for the period under review shall also be disclosed; and

- (4) If the company or any other entity in the group is in breach of terms and conditions or covenants associated with credit arrangement or bank loan which can materially affect the company's financial position and results or business operations, or the investments by holders of securities in the company, provide—
- 4.1 a statement of that fact;
 - 4.2 details of the credit arrangement or bank loan; and
 - 4.3 any action taken or to be taken by the company or other entity in the group, as the case may be, to rectify the situation including the status of any restructuring negotiations or agreement, if applicable;
- (b) Provide a statement whether there has been any default on payments of either interest and/or principal sums for any borrowing throughout the most recent financial year and the interim financial period (where applicable) as at the latest practicable date;
- (c) Provide information regarding the type of financial instruments used and the maturity profile of debt, currency, and interest rate structure. To provide a discussion on funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, the

currencies in which cash and cash equivalents are held, the extent to which borrowings are at fixed rates, and the use of any financial instrument for hedging purposes, where applicable;

- (d) Provide information on any material commitment for capital expenditures as at the latest practicable date and indicate the general purpose of such commitments and the anticipated source of funds needed to fulfil such commitments; and
- (e) Provide information on any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the company's financial position or profitability, which may have, or have had in the past and are ongoing or pending preceding the date of Prospectus. In relation to governmental proceedings, this includes proceedings which are pending decision or known to be contemplated.

- Trend information 80. The following information regarding the trends of the company's business shall be disclosed.
- (a) Any material effect on the company's revenue, income from continuing operations, profitability, and liquidity or capital resources. The discussion should include, among others, any known trends, uncertainties, demands, commitments or events. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect;

- (b) Known factors which are likely to have a material effect on the financial condition and results of operations of the company or that would cause the financial statements to not be necessarily indicative of future financial performance; and
- (c) The state of the order book since the most recent financial year or period. If such information is not relevant to the business of the company, provide an appropriate statement to that effect and the reason for this.

Dividend

- 81. Include a summary of the company's dividend policy and the following information;
 - (a) Disclose the amount of dividends paid or declared for each financial year and interim period for where the financial information is provided in the Prospectus.
 - (b) Where dividends are paid or declared subsequent to the most recent financial year or interim financial period, where applicable, but prior to listing, to disclose the following:
 - (1) the amount of dividends paid or declared;
 - (2) source of funds for the payment of such dividends;
 - (3) timing of payment for dividends declared but not paid; and
 - (4) whether such dividends would affect the execution and implementation of the company's future plans or strategies moving forward.

- (c) Disclose whether the company expects dividend to be paid out over the next 2 (two) years.
- (d) Describe any dividend restrictions or an appropriate negative statement.

Taxation 82. The company shall disclose the following details pertaining to taxes.

- (a) information regarding taxes, including withholding provisions, that may be applicable to shareholders; and
- (b) whether the company assumes any responsibility for the withholding of tax at the source.

Significant changes 83. Disclose whether or not there is any significant change that has occurred, which may have a material effect on the financial position and results of the company since the date of the most recent annual financial statements and, where applicable, since the date of the management accounts. If there are no changes, provide an appropriate negative statement.

Pro forma financial information 84. A pro forma statement of financial position shall be prepared based on the audited financial statement of the financial year and adjusted for the following.

- (a) Any restructuring, acquisition, or disposal connected with the proposed public offering exercise; and
- (b) Proceeds of the proposed public offering exercise, the effects of the public offering exercise on the shareholders' funds and proposed utilisation of the funds.
- (c) Where the management accounts are provided, the pro forma statement shall be prepared based on the most recent audited financial period.

- (d) The company shall prepare a pro forma statement of comprehensive income and cash flows, including pro forma earnings per share, where the company had acquired or disposed a material entity or business, or entered into any agreement to acquire or dispose any material entity or business during the period from the beginning of the most recent completed financial year to the latest practicable date.
- (e) The pro forma statements shall be prepared as if the acquisition or disposal had occurred or the agreement in relation to an acquisition or disposal had been entered into, at the beginning of the most recent financial year.
- (f) A pro forma statement of financial position shall be prepared and disclosed, covering the period from the beginning of the most recent financial year to the latest practicable date, if any of the following events have occurred.
 - (1) acquired or disposed of a material entity or business;
 - (2) entered into any agreement to acquire or dispose of a material entity or business; or
 - (3) experienced a significant change to its capital structure, including any material distribution.
- (g) The pro forma statement as required shall be prepared–

- (1) As the events referred to in subsection (f) of this section to have occurred on the last day of the period covered by the last financial year.
 - (2) Where management accounts have been disclosed, the events referred to in subsection (f) of this section shall be deemed to have occurred on the last day of the period covered by the management accounts.
- (h) For the purpose of this section, the materiality of an acquisition or disposal of any entity or business should be determined by comparing the following aspects of such an entity or business with that of the company (after adjustments for the effects of the group restructuring, where applicable). Where the percentage is 10% or more, such acquisition or disposal would be deemed material.
- (1) the aggregated net assets or liabilities; and
 - (2) the aggregated profits or losses before tax.
- (i) The pro forma financial information prepared shall state–
- (1) the basis upon which the pro forma financial information is compiled;
 - (2) that the financial statements used in the preparation of the pro forma financial information have been prepared in accordance with the accounting standards approved by the legally authorized standard-setting body in the Maldives, and specify

any qualifications made by the auditors, if applicable, in relation to the pro forma financial statements.

(3) whether the pro forma financial information has been compiled in a manner consistent with the format of the financial statements and the accounting policies of the company; and

(4) any material adjustments made and whether such adjustments are appropriate for the purposes of preparing the pro forma financial information.

(j) A report, such as the audit report disclosed under Part 10 of the Chapter 3 of these Regulations, shall be provided alongside the pro forma financial information.

Future financial information 85. Where future financial information is included in a Prospectus, it shall be prepared on reasonable bases and assumptions. In its preparation, the following considerations shall be taken into account.

(a) Must be clear, unambiguous, and disclose whether such information is prepared on the bases and accounting policies consistent with those adopted by the company;

(b) State that the information is presented in accordance with the approved accounting standards adopted by the company;

(c) Disclose details on the bases and assumptions of the future financial information and any additional information that investors would reasonably require, for the purpose of making an informed investment decision;

- (d) Where future financial information is disclosed, to state the extent to which projected revenues are based on secured contracts or orders, and the reasons for expecting such projected revenues, and profit or cash flow (as the case may be). A discussion on the impact of any likely changes in business and operating conditions included in the future financial information shall also be stated.
- (e) The Auditor shall review and report on the underlying accounting policies and assumptions relied on in the preparation of future financial information.

Guidance note on 86.
financial
information

- (a) As a general rule, the financial information provided should reflect a comprehensive picture of the company's entire business undertaking to enable investors to make an informed investment decision. Examples are also given in the Guidance for illustration and are not exhaustive.
- (b) Advisers are also encouraged to consult the Authority at an early stage if they require clarification, for example, where the company:
 - had a significant acquisition during the track record period and it may be appropriate to provide the financial information of the acquired business or entity prior to the date of the acquisition by the company;
 - and
 - proposes to include future financial information in the Prospectus.

Guidance note on 87.
audited financial
statements

- Where the audited financial statements of the company and its subsidiaries are not prepared in accordance with accounting standards approved by the legally

authorized standard-setting body in the Maldives and have been audited for the purpose of the auditors' report, such statements should be disclosed.

- Guidance note on 88. (a) The company should provide segmental analysis of revenue and profit result of operation or loss from operations, including by products or services and by markets or geographical location.
- (b) The company should provide and discuss relevant key financial ratios, including receivables and payables (incorporating ageing analysis) and inventory turnover, and current ratio for at least three financial years or such a shorter period that the company has been in existence, and the interim financial period, where applicable.

- Guidance note on 89. The company should identify those income, cash flow or financial position liquidity and capital resources items that should be considered in assessing liquidity, unless it is clear from the discussion.

- Guidance note on 90. The discussion on any material effect on the company's financial performance trend information and position, i.e. revenue, profitability, liquidity or capital resources should also address, among others, the prospects of the industry in which the company is operating in and the future plans and strategies of the company.

- Guidance note on 91. In preparing the future financial information, the bases and assumptions used future financial information to support such information should;

- (a) draw the investors' attention to those uncertain factors which can materially affect the ultimate achievement of such future financial results, and where possible to quantify such factors;
- (b) be specific rather than vague, avoid generalizations and all- embracing assumptions and those relating to the general accuracy of the assumptions made in the future financial information;
- (c) be clearly stated and reviewed for reasonableness by the directors who are responsible for the future financial information and bases and assumptions;
- (d) enable the investors to assess—
 - (1) the validity of the assumptions on which the future financial information is based;
 - (2) the likelihood of the assumptions actually occurring;
 - (3) the effect on the future financial information if the assumptions vary;
 - (4) whether the future financial information is relevant and reliable, i.e. to enable investors to form their own view about how reasonable the grounds are for making the statement; and
 - (5) the facts and circumstances that support future financial information, as well as being able to demonstrate that the information is reasonable.
- (e) In addition to Section 84, the company and principal adviser should be satisfied that the bases and assumptions relied on in the preparation of the future financial information are reasonable. What amounts to

reasonable bases and assumptions should be judged by the facts and circumstances of each case. However, in general, the future financial information should assist the investors in making an informed investment decision.

- (f) In deciding whether the bases and assumptions are reasonable, the company and principal adviser should have regard to the following indicative factors: The above factors are not necessarily conclusive. Most importantly, in certain circumstances, these factors alone may not be sufficient to establish reasonable bases and assumptions. Hence, in preparing future financial information, the company and principal adviser are required to consider other factors that may indicate whether or not the bases and assumptions used are reasonable.
- (1) the information relates to agreements where future expenses and revenue of the company can be reasonably assured for the period of that agreement;
 - (2) the information is underpinned by independent industry experts' reports or independent Audit Reports where such experts believe that the future financial information and its bases and assumptions are reasonable; and
 - (3) the information includes reasonable short-term estimates relating to an existing business and based on events that the management of the company reasonably expects to take place or actions that the management of the company reasonably expects to occur.

- (g) Certain factors may indicate that the future financial information has not been prepared on reasonable bases and assumptions. Such factors include where: The above factors are non-exhaustive. The company and principal adviser are strongly encouraged to consult the Authority at an early stage should they face any difficulty in determining whether the bases and assumptions to be relied on are reasonable.
- (1) the future financial information is supported only by hypothetical assumptions, and without demonstrating other factors that may support the inclusion of the future financial information;
 - (2) the company has made a statement asserting that the bases and assumptions relied on are reasonable, without coming up with verifiable reasons to support such a statement; and
 - (3) the company has made a statement along the lines of ‘this is the best estimate of the directors’. The bases and assumptions relied on by the company in preparing the future financial information has to be objectively reasonable, taking into account among others, the list of factors set out under this Guidance and not made on the basis of genuine but unreasonable beliefs of the directors of the company.

Part 10: Audit Report

- Audit Report 92. (a) For this part, unless the context otherwise requires, the company includes a group of entities where the company is the holding company.

(b) An audit report issued by an auditor shall be disclosed in relation to the separately audited financial statements for each year within the period covered by the disclosed financial information.

(c) The Audit Report shall include—

- (1) the financial statements and, where applicable, the management accounts, as prepared by the company and has been audited;
- (2) an audit opinion expressed by the Auditor on the financial statements and, where applicable, the management accounts;
- (3) a statement that it was prepared in accordance with the approved auditing standards; and
- (4) a statement that it was prepared for inclusion in the Prospectus.

Timeframe for Audit Report 93. In the audit report, the auditor shall report on the financial statements of the company for a period of at least two (2) years, and up to five (5) years, or for a shorter period if the company has been in operation for less.

Auditors' responsibility on pro forma financial information 94. In respect of the pro forma financial information prepared, the reporting accountant shall state in its report—

- (a) whether the pro forma financial information has been properly compiled on the bases stated in Section 83;

- (b) that the engagement was performed in accordance with the relevant standards on assurance engagements approved by the legally authorised standard-setting body in the Maldives.
- (c) In respect of Section 83, where the company has acquired or entered into an agreement to acquire a material entity or business and pro forma financial information is prepared, the auditors who audited the financial statements of the entity or business acquired or to be acquired shall be disclosed.

Auditors' responsibility on future financial information

95. In respect of Section 84, the report should state–

- (a) that the engagement was performed in accordance with the relevant standards on assurance engagements approved by the legally authorised standard-setting body in the Maldives;
- (b) whether the Auditor is of the opinion that the future financial information is properly prepared based on the assumptions made by the directors and is presented in a manner consistent with both the format of the financial statements and the accounting policies of the company; and
- (c) that nothing has come to the Auditor's attention which gives him any reason to believe that the assumptions do not provide a reasonable basis for the preparation of future financial information.

- Expert's report 96. (a) Where a statement or report attributed to a person as an expert is included in the Prospectus, disclose such a person's professional experience.
- (b) Where an expert's report is included in the Prospectus, such report shall be signed and dated.
- (c) Where valuations of property assets have been carried out for inclusion in a Prospectus, a summary of the valuation shall be included.
- (d) An expert shall not make wide disclaimers of responsibility in its report.
- Guidance note on expert's report 97. The expert's report should be signed and dated within a reasonable time from the date of the Prospectus, which generally should not be earlier than the latest practicable date.

Part 11: Additional Information

- Key information from constitutional documents 98. Disclose a summary of the provisions of the company's constituent document, if any, relating to–
- (a) remuneration, voting and borrowing powers of directors;
- (b) changes to share capital;
- (c) transfer of securities; and

- (d) rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights. Additionally, the process for approval of any changes to the rights, preference, and restrictions attached to each class of shares.
- (e) Describe any limitation on the right to own shares, including limitations on non-resident or foreign shareholders' right to hold or exercise voting rights imposed by law or by the company's constituent document. If there are no such limitations, to state the fact.

Share capital

99. Disclose the share capital, and changes during the period for the historical financial information as disclosed in the prospectus, including the following, in respect of the company, and if the company is a holding company of a group, each of the company's material subsidiaries and associated companies.
- (a) the date of allotment;
 - (b) number of shares allotted;
 - (c) consideration given, together with information regarding any discount, special term or instalment payment term or an appropriate negative statement thereof;
 - (d) Paid-up share capital;
 - (e) cumulative share capital;
 - (f) details of outstanding warrants, options, convertible securities; including amount, issued date, value, number of shares it will be

converted to, condition for conversion and prerequisites for conversion; and uncalled capital.

- (g) If more than 10 (ten) percent of share capital has been paid for with assets other than cash within the past 3 (three) years till the latest practicable date, details shall be provided.
- (h) For any capital of the company, which is under option, or agreed conditionally or unconditionally to be put under option, indicate—
 - (1) the identity of the grantees;
 - (2) description and number of shares to which the option relates;
 - (3) the period during which the option is exercisable including the expiry date of the option, or an appropriate negative statement;
 - (4) the exercise price; and
 - (5) the purchase price of the option or consideration to be given for the option.
- (i) Where options have been granted or agreed to be granted to the parties specified below, it will be sufficient to state such fact without providing identity of the grantees.
 - (1) all shareholders of the company;
 - (2) all holders of debt securities of the company; or
 - (3) directors and employees under a share option scheme,

- (j) Quantity of shares issued currently, quantity of paid-up shares, amount received (separately for each class); and
- (k) Quantity of listed shares and shares issued without listing, quantity of paid-up shares, amount received (separately for each class).

Documents
available for
inspection

100. Provide a statement in the prospectus that a copy of each of the following documents may be inspected for a period of at least 6 (six) months from the date of issue of the prospectus at the registered office of the company in Maldives, or if the registered office is not in Maldives, at a place in Maldives to be specified by the company:

- (a) The constituent document of the company;
- (b) Each document referred to in the Prospectus which includes the following:
 - (1) Each material contract, and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
 - (2) Existing or proposed service contracts between the company and its directors, key senior management or key technical personnel, which provide for benefits upon termination of employment;
 - (3) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary of the experts' report is included in the Prospectus, the corresponding full expert's report shall be made available for inspection.

- (4) Each consent given by parties as disclosed in the Prospectus;
- (5) The audited financial statements of the company and all its subsidiaries for at least the 2 (two) most recent financial years or such a shorter period that the company has been in existence, preceding the date of the prospectus; and
- (6) The management accounts of the company, where applicable.

Part 12: Application for Shares

- | | |
|-------------------|---|
| Share application | 101. The Prospectus shall set out the procedure for submitting applications to purchase shares. |
| Payments | 102. The Prospectus shall disclose the modes of payments of subscription monies. |
| Allotment | 103. The following information about the allotment of shares shall be disclosed in the prospectus. <ol style="list-style-type: none">(a) the manner in which the results of the allocation of shares will be made public.(b) State that any excess application monies will be refunded to the applicants, and specify the method by which such refunds will be processed.(c) Disclose a statement specifying how investors may obtain information concerning the authorised depository. |

- Rejection of applications and refund
104. Disclose in the prospectus the information on procedures concerning rejected applications including refund process and timeline.
- Consistency with Prospectus
105. The contents of the application form shall not be contrary to any information that is in the Prospectus.

Chapter 4

Content of the Prospectus (Corporate Bonds & Sukuk)

- Applicable parties
106. (a) In relation to a prospectus for the issuance of corporate bonds or sukuk through the Main Market or the Private Securities Segment, the provisions set out in this chapter shall apply.
- (b) Issuers of corporate bonds or sukuk shall adhere to the following requirements in complying with the provisions of this Chapter.
- (1) Where the Issuer's equity is not listed on the Main Market of the Stock Exchange, the Issuer shall, in addition to the disclosures required under this Chapter, disclose the information relating to the Company as prescribed in Part 5 of Chapter 3, financial information as prescribed in Part 9 of Chapter 3 (excluding Section 85 (future financial information)), and the audit report as prescribed in Part 10 of Chapter 3.
- (2) Where Issuer's equity has already been listed on the Main Market, for Issuance of Corporate Bonds or Sukuk by such Issuers, shall disclose information as per this chapter.

- (3) For the purpose of subsection (b)(1) of this Section, in the case of any subsequent issuance of corporate bonds or sukuk, the Issuer may disclose only the information required under the contents of the prospectus specified in this Chapter, provided that the Issuer has complied with all post-issuance requirements and the Regulation Number: 2019/R-1050 (Regulation on Continuing Disclosures and Obligations of Issuers). However, where the Issuer has no outstanding corporate bonds or sukuk listed on the Main Market, or where all such instruments have matured and a lapse in time has occurred prior to any subsequent issuance, the Issuer shall be deemed a new issuer.

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|------------------------|------|--|
| Special Purpose Entity | 107. | If the issuer is a Special Purpose Entity (SPE), the requirements on an issuer stated in this chapter shall also apply, where applicable, to the obligor. |
| Registration validity | 108. | A Prospectus is valid for a period of 12 (twelve) months from the date of registration of the Prospectus. |
| Debt or Sukuk program | 109. | In the case of a debt or Sukuk programme, a Prospectus may be issued;

(a) in a single document, which is valid for a period of 12 (twelve) months from the date of registration of the Prospectus; or

(b) by way of a base Prospectus supported by pricing supplement, which is valid for a period of 24 (twenty-four) months from the date of registration of the Prospectus. |

Content of the Prospectus (Corporate Bonds & Sukuk)

Part 1: Cover Page and First Page

- Cover page
112. The cover page must contain the following information and statements:
- (a) Particulars about the issuer, including full name, registration number, place of incorporation and statute under which it was incorporated;
 - (b) The date of the Prospectus;
 - (c) Salient features of the Corporate Bonds or Sukuk offered, including type, tenure, nominal amount, coupon/profit/rental, offer price, the Shariah principles applied;
 - (d) Statement regarding the procedure for issuing corporate bonds or sukuk to investors, whether by listing on the stock exchange or by any other arrangement approved by the Authority.
 - (e) The name of the principal adviser, lead arranger and underwriter;
 - (f) **The following statements to appear in bold:**
“INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE [XX] FOR “RISK FACTORS”;

- (g) For Corporate Bonds or Sukuk that are non-transferable and non-tradable, the following statement is to be included and highlighted in bold:

“INVESTORS ARE ADVISED TO NOTE THAT THIS CORPORATE BOND OR SUKUK IS NON-TRANSFERABLE AND NON-TRADABLE”.

- (h) For Corporate Bonds or Sukuk issued in the Private Securities Segment, the following statement is to be included and highlighted in bold:

- (1) **“THE PRIVATE SECURITIES SEGMENT IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR A PRIVATE COMPANY THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED COMPANY LISTED ON THE MAIN BOARD OF THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE CORPORATE BONDS OR SUKUK TRADED ON THE PRIVATE SECURITIES SEGMENT. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.”**
- (2) **“CORPORATE BONDS OR SUKUK ISSUED THROUGH THE PRIVATE SECURITIES SEGMENT BY WAY OF**

PRIVATE PLACEMENT, THE ISSUER HAS THE OPTION TO OPEN ONLY TO INVESTORS SELECTED BY THE ISSUER AMONG THE REGISTERED INVESTORS ON THE PLATFORM OF THE STOCK EXCHANGE. INVESTORS SHOULD ALSO BE AWARE THAT SECURITIES LISTED ON PRIVATE SECURITIES SEGMENT WILL BE **TRADED VIA THE APPROVED STOCK EXCHANGE MECHANISM.**

- (3) In relation to the offer of Corporate Bonds or Sukuk under a debt or Sukuk program where a base Prospectus is issued, the information and statement under subsection (c), (d) and (g) of this section need not be included in the base Prospectus but must be incorporated in the pricing supplement.

Responsibility
statements

113. The Prospectus must contain the following statements on the first page.

- (a) The directors of the issuer have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.”; and
- (b) [Name of principal adviser/lead arranger], being the Principal Adviser/Lead Arranger, acknowledges that, based on all available

information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.”;

(c) Where future financial information is provided:

“The directors of the issuer confirm that the bases and assumptions relied on in the preparation of the future financial information are reasonable.”

“Name of principal adviser/lead arranger], being the Principal Adviser/Lead Arranger, is satisfied that bases and assumptions relied on in the preparation of the future financial information are reasonable.”.

Statements of
Disclaimer

114. Following disclaimer statements shall be included in the prospectus.

- (a) “This Prospectus has been registered with the Capital Market Development Authority. The approval and registration of this Prospectus should not be taken to indicate that the Capital Market Development Authority recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed, or report contained in this Prospectus. The Capital Market Development Authority has not, in any way, considered the merits of the Corporate Bonds or Sukuk being offered for investment.”;
- (b) “The Capital Market Development Authority is not liable for any non-disclosure on the part of the company and takes no responsibility for the

contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.”;

(c) Where applicable:

“The valuation utilized for the purpose of the corporate exercise should not be construed as an endorsement by the Authority on the value of the subject assets.”;

(d) Where the Corporate Bonds or Sukuk offered are to be listed and quoted on the Stock Exchange:

“Admission to the Official List of the Stock Exchange is not to be taken as an indication of the merits of the offering, issuer, or its Corporate Bonds or Sukuk.”;

Additional
Statements

115. The following additional statements shall be included.

- (a) “Investors should note that they may seek recourse under the Law number 2/2006 (Maldives Securities Act) for breaches of the law including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the company.”
- (b) “Corporate Bonds or Sukuk are offered on the premise of full and accurate disclosure of all material information concerning the offering,

for which any person set out in Maldives Securities Act (Law No: 2/2006) is responsible.”

- (c) Additionally, the following statements: and
- (1) A statement to the effect that, if the offering is opened on the basis of a prospectus issued in the form of a single document, corporate bonds or sukuk shall not be offered 12 (twelve) months after the date of the prospectus.
 - (2) A statement that, in the case of a base prospectus, no corporate bonds or sukuk shall be offered pursuant to the base prospectus after 24 (twenty-four) months from the date of the prospectus.
- (d) In addition to the statements set out in this section, where the corporate bonds or sukuk are proposed to be listed and quoted on a stock exchange, the prospectus shall contain the following statements:
- (1) A statement that ‘in principle approval’ for the listing and quotation of the Corporate Bonds or Sukuk on the stock exchange or other exchange outside Maldives has been granted; and
 - (2) the following statement:
“Where the Stock Exchange has cancelled the ‘in principle approval granted, based on the results of the offering, the company will repay without interest all monies received from the applicants.”; and

- (3) A statement that, if the stock exchange approval for listing is not obtained within 14 (fourteen) market days from the closing date of the offering, the “in-principal approval” shall be deemed cancelled.
- (e) For a company where its Corporate Bonds or Sukuk are not seeking listing on the stock exchange, the following statements is to be included and highlighted in bold and prominent color:
 - (1) **WE ARE A COMPANY WHOSE CORPORATE BONDS OR SUKUK ARE NOT SEEKING LISTING ON THE STOCK EXCHANGE. OUR OFFERING MAY INVOLVE A HIGHER INVESTMENT RISK COMPARED WITH COMPANIES WHOSE CORPORATE BONDS AND SUKUK ARE LISTED ON THE STOCK EXCHANGE. CORPORATE BONDS AND SUKUK OF A COMPANY THAT ARE NOT LISTED ON THE STOCK EXCHANGE ARE LESS LIQUID, AS THEY ARE NOT TRADABLE. YOU SHOULD BE AWARE OF THE RISKS ASSOCIATED WITH INVESTING IN OUR COMPANY AND SHOULD MAKE ANY INVESTMENT DECISION ONLY AFTER CAREFUL CONSIDERATION.**
 - (2) Where the Corporate Bonds or Sukuk are proposed to be traded via a mechanism other than the Stock Exchange, a statement to that effect with detailed information of the mechanism.

Part 2: Timeline and Corporate Directory

- Indicative Timeline 116. Disclose the timetable, including the following critical dates:
- (a) Opening and closing dates of the offering; and
 - (b) Dates of any special event, for example, date for allotment and listing.
- Right to extend the closing date 117. Disclose whether the directors reserve the right to extend the closing date of the offering.
- Method of Informing Timeline Changes 118. Disclose the method of informing the market if the closing date is extended.
- Corporate directory 119. The directory must contain the following details:
- (a) Addresses and telephone numbers of the company's registered office, head/management office and the e-mail and website addresses;
 - (b) Name, address and membership number of the company secretary; and
 - (c) Names, addresses and telephone numbers of the following parties, where applicable.
 - (1) Principal adviser;
 - (2) Lead arranger;

- (3) Paying agent;
- (4) Legal Advisers (in relation to prospectus);
- (5) Credit rating agency;
- (6) Bond/Sukuk trustee;
- (7) Guarantor;
- (8) Underwriter;
- (9) Shariah adviser;
- (10) Auditor;
- (11) Any other expert whose prepared reports or excerpts or summaries are included or referred to in the Prospectus; and
- (12) Any other parties related to the prospectus.

Part 3: Information on Corporate Bond or Sukuk

Information on 120. The Prospectus must include the Principal Terms and Conditions of the Corporate Bond or Corporate Bonds or Sukuk.
Sukuk

Summary of Credit 121. The Prospectus must also include a summary of the credit rating report relevant to Corporate Bonds or Sukuk, published by a credit rating agency.
Rating Report

- Company's taxes 122. The Prospectus must disclose information on the relevant tax provisions, including whether the issuer will be responsible for the withholding of tax on any payments made on Corporate Bonds or Sukuk.
- Expenses Related to 123. The Prospectus must disclose a reasonably itemized statement of the major the Issuance of categories of expenses incurred in connection with the issuance or offering of Corporate Bond or the Corporate Bonds or Sukuk. If the amounts of any items are not known, Sukuk estimated expenses (identified as such) must be given. The Prospectus must also disclose if parties other than the issuer are paying the expenses.
- Insurance related to 124. If any insurance has been obtained in connection with the issuance of the Corporate Bonds or corporate bond or sukuk, details of such insurance must be disclosed. Sukuk
- Convertible 125. If the Corporate Bonds or Sukuk are convertible/exchangeable into shares Corporate Bonds or that are listed on a stock exchange or are issued with warrants, whether or not Sukuk detachable, the following detailed information, where applicable, must be made available:
- (a) Procedure for conversion/exchange;
 - (b) Conversion/exchange period;
 - (c) Conversion/exchange ratio;
 - (d) Conversion/exchange price;
 - (e) Number of warrants;
 - (f) Price of warrants;

- (g) Rights attached to warrants;
- (h) Warrant exercise period;
- (i) Warrant exercise price;
- (j) The effects of the issuance and the conversion on, inter alia, the earnings per share and net tangible assets/net assets per share of the company;
- (k) Details of the proposed utilization of proceeds from the issuance and conversion;
- (l) Detailed description of the adjustment of the conversion price in light of any changes to the issuer's share capital and to provide illustrations for each possible circumstance; and
- (m) Any other relevant information that a potential investor will require on the issuance of the convertible/exchangeable Corporate Bonds or Sukuk.

Information On 126. Where the underlying shares are already listed on a stock exchange, the
Corporate Bonds Or following information relating to the shares must also be disclosed:
Sukuk Convertible
Shares

- (a) Information on the highest and lowest market prices for the 3 (three) most recent full financial years and monthly for the most recent 6 (six) months;

- (b) Information on any trading suspensions that occurred in the preceding three (3) years, if any;
- (c) Where the underlying shares are not regularly traded on a stock exchange, information must be given about the lack of liquidity.

- Default 127. Disclose the following in relation to the Corporate Bonds or Sukuk being offered.
- (a) Events of default;
 - (b) Events of cross-default; and
 - (c) Procedures to be followed in the event of default.

Part 4: Risk Factors

- Risk factors 128. (a) The Prospectus must contain information about risk factors which are specific to the issuer/group and its industry, and the Corporate Bonds or Sukuk being offered, including the extent of credit risks.
- (b) Disclaimers on the risk factors should not undermine the risk disclosures which will render the risk disclosures of little or no beneficial use to investors.

Part 5: Information on Issuer, Substantial Shareholders, Directors, Key Management Personnel, and Guarantor

- Issuer information 129. The following information of the Issuer shall be provided in the Prospectus:

- (a) Information about the background and business activities of the issuer, its subsidiaries and associated corporations, and an overview of the industry in which they operate;
- (b) A list of subsidiary and associated corporations, the percentage interest held, and a diagrammatic illustration of the group; and
- (c) Information on the issuer's substantial shareholders:
 - (1) Name and background information;
 - (2) Nationality or country of incorporation; and
 - (3) Direct and indirect shareholding in the issuer, and to state the ultimate beneficial ownership of shares held under nominee or corporation, or trustee arrangements.

Information on 130. The following information shall be disclosed in the prospectus on the issuer's directors and the chief executive:
Information on 130. The following information shall be disclosed in the prospectus on the issuer's directors and the chief executive:

- (a) Name, address, profession, qualification and profile, including business and management experience;
- (b) Designation or functions, including executive or non-executive and independent/non-independent;
- (c) Representation of corporate shareholders, where applicable;
- (d) Direct and indirect shareholding in the issuer;

- (e) Other principal directorships at present and in the last 3 (three) years;
and
- (f) Involvement in the issuer's Audit Committee as chairman or member.

Key senior
management and
key technical
personnel

131. Information on the issuer's key management and key technical personnel:

- (a) Name, qualification and profile, including business, management or technical experience;
- (b) Designation or responsibilities; and
- (c) Direct and indirect shareholding in the issuer.

Material litigation,
arbitration and
contingent liabilities

132. Information on all the issuer's current, pending or threatened material litigation or arbitration proceedings and contingent liabilities, including assessment and disclosure of specific impact on financial performance and position upon becoming enforceable; and

Information on the
guarantor

133. Where a guarantor is other than the government or a financial institution, the following information about the guarantor shall be disclosed:

- (a) Business overview;
- (b) Financial information as set out under Section 134, for the past 2 (two) financial years and, where applicable, the latest financial period;
- (c) Capitalization and indebtedness statement as set out under Section 136, and

- (d) Main features and terms of guarantees provided on the Corporate Bonds or Sukuk offered.

Part 6: Financial Information

Financial
information

- 134. The issuer must disclose a table of the issuer's financial statement and the group's financial statement, where the issuer is a holding company, for the past 2 (two) financial years or such shorter period that the issuer/group has been in operation, and where applicable, the latest financial period. Such information must be extracted from the issuer/group's audited financial statements and must include the following.
 - (a) Revenue;
 - (b) Gross profit and gross profit margin;
 - (c) Earnings before interest, taxation, depreciation and amortization (EBITDA);
 - (d) Other income;
 - (e) Finance costs;
 - (f) Share of profits and losses of associates and joint ventures;
 - (g) Profit or loss before tax and profit/loss before tax margin;
 - (h) Tax expense;

- (i) Dividend;
- (j) Profit/loss for the year and profit/loss margin;
- (k) Profit/loss attributable to monetary interests and equity holders of the parent;
- (l) Basic and diluted earnings per share;
- (m) Issued and paid-up share capital;
- (n) Retained profits or accumulated losses;
- (o) Shareholders' funds; and
- (p) Key financial ratios, including gearing, liquidity, debt to equity ratio, fixed charge coverage ratio, receivables and payables turnover.

In relation to the key financial ratios, must state the formula used to compute the key financial ratios.

- | | | |
|--|------|--|
| Management
Accounts | 135. | If the date of the prospectus is more than 12 (twelve) months after the end of the most recent financial year, Management Accounts must be disclosed for the period up to the prospectus date, containing the information specified in Section 134 herein. |
| Issuers'
Capitalization and
Indebtedness
Statements | 136. | A statement of the issuer's capitalization and indebtedness must be disclosed as of the date of the most recent financial statements, including any material changes since that date. This should provide a breakdown of the issuer's |

capitalization and indebtedness, distinguishing between guaranteed and unguaranteed, as well as secured and unsecured debt.

Information to be included in the statements

137. The following information on capitalization and indebtedness shall be disclosed in the statements.

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

including status of any restructuring negotiations or agreement, if applicable.

- Pro forma financial information 138.
- (a) Pro forma financial information is required if the Corporate Bonds or Sukuk offered has a material effect on the issuer or group's assets, liabilities or earnings.
 - (b) Where pro forma financial information, or future financial information is provided in the Prospectus, the relevant sections pertaining to Pro forma financial information and Future financial information in Chapter 3, Part 9 (Financial Information) and Part 10 (Audit Report) shall apply.

Part 7 : Related-Party Transactions/Conflict Of Interest

- Related Party Transactions 139.
- The following information must be disclosed for the 2 (two) most recent financial years, and the latest financial period, where applicable, immediately preceding the date of the Prospectus:
- (a) The nature and extent of any related-party transaction or presently proposed related-party transactions that are material to the issuer and its related party, or any transaction that is unusual in nature or conditions to which the issuer or any of its parent or subsidiaries was a party; and
 - (b) The amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of the related party. The information given must be classified into long term and short term.

- Conflicts of Interest 140. The issuer must disclose, for each transaction mentioned above, whether it was
Involving Related carried out on an arm's length basis and the procedure undertaken or which
Parties will be undertaken to ensure that such a transaction will be carried out on an
arm's length basis.
- Conflicts of Interest 141. A Prospectus must include a declaration of any expert's existing and potential
Involving Experts interests/conflicts of interest in an advisory capacity (if any) vis-à-vis the
issuer/group. If a conflict of interest exists, full disclosure of the nature of the
conflict and the steps taken to address such conflicts must be provided.

Part 8 : Rights of Corporate Bonds or Sukuk Holders

- Summary of 142. There must be a summary of rights, including coupon payments, principal
Corporate Bond or payments, payment schedules and any other rights conferred upon the holders
Sukuk Holders' of Corporate Bonds or Sukuk, including any provisions relating to how the
rights terms or their rights may be modified.
- Meeting of holders 143. There must be details on the requirements for convening, attending or voting
of Corporate Bonds at a meeting of holders of Corporate Bonds or Sukuk, if such a meeting can be
or Sukuk held. Disclose the conditions governing the manner in which such a meeting
would be convened, the quorum requirement, the admittance to the meeting
and the minimum number of votes required to adopt certain types of
resolutions.

Recourse 144. The Prospectus must also disclose the recourse available to the holders of Corporate Bonds or Sukuk in an event of default, termination or failure to make a payment (which may not constitute an event of default).

Part 9 : Information Relating to Corporate Bond Or Sukuk Trustee And Trust Deed

Corporate Bond or Sukuk trustee 145. For the purposes of this regulation, the following information in relation to the bond or sukuk trustee must be disclosed:

- (a) Obligations and responsibilities of the trustee;
- (b) Any requirements before the bond or Sukuk trustee can act on behalf of the holders of Corporate Bonds or Sukuk, such as a requirement that the holders of a certain percentage of the Corporate Bonds or Sukuk have instructed the bond or Sukuk trustee to take action; and
- (c) Whether the bond or Sukuk trustee requires indemnification before proceeding to enforce a lien against the issuer's property or before taking any other action at the request of the holders of Corporate Bonds or Sukuk;

Trust deed 146. For the purposes of this regulation, the following information in relation to the trust deed must be disclosed:

- (a) The main terms of trust deed; and
- (b) Whether the issuer is required to make periodic disclosure to provide any early indication of any deterioration in the issuer's financial

condition such as periodic disclosure of evidence that the issuer is not in default or that it is in full compliance with the terms of that contract.

Part 10 : Expert's Report

- Expert's Report 147. (a) Where a statement or report attributed to a person as an expert is included in the Prospectus, disclose such a person's professional experience.
- (b) Where an expert's report is included in the Prospectus, it must be signed and dated.
- (c) Where valuations of property assets have been carried out for inclusion in a Prospectus, a summary of the valuation.
- (d) Where the offering involves Sukuk, the Shariah pronouncement including detailed Shariah reasoning or justification from the Shariah adviser must be disclosed in the Prospectus.
- (e) The expert's report should be signed and dated within a reasonable time, which generally should not be earlier than the latest practicable date.

Part 11: Documents Available For Inspection

- Documents available for inspection 148. A Prospectus must provide a statement informing the investors that for a period of at least 12 months from the date of issue of the Prospectus, the investor may

inspect the following documents (or copies thereof), at a specified place in Maldives;

- (a) The constituent document of the issuer;
- (b) Any trust deed (if applicable);
- (c) Each material contract or document referred to in the Prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
- (d) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the Prospectus. Where a summary of the experts' report is included in the Prospectus, the corresponding full experts' report must be made available for inspection;
- (e) Each consent given by parties is disclosed in the Prospectus;
- (f) The audited financial statements of the issuer and the group, where the issuer is a holding company, and of significant subsidiaries for the last 2 (two) years (or such shorter period that the issuer/group has been in operation), preceding the date of the Prospectus; and
- (g) The management accounts of the issuer and the group, where the issuer is a holding company, and key subsidiaries for the current financial period (where applicable).

Part 12 : Application for Corporate Bonds Or Sukuk

- Application for Subscription 149. (a) Disclose the procedures for the application for the subscription of Corporate Bonds or Sukuk.
- (b) The contents of the application form must not be contrary to any information that is in the Prospectus.
- Extending the closing date 150. Disclose whether directors reserve the right to extend the closing date.
- Allocating all excess Corporate Bonds or Sukuk 151. Where applicable, the issuer must allocate all excess Corporate Bonds or Sukuk on a fair and equitable basis. The Prospectus must state that the allocation of the excess Corporate Bonds or Sukuk will be made on a fair and equitable manner.

Chapter 5

Application for Prospectus Registration (For the Issuance of Equity)

- General provisions 152. (a) Prospectuses prepared under Chapter 3 of these Regulations shall be submitted to the Authority for approval in accordance with the procedures set forth in this Chapter.
- (b) The prospectus and all accompanying documents submitted to the Authority must be in electronic form, in a text-searchable Portable Document Format (PDF).

- (c) Certified true copies of all reports and letters contained in the prospectus must be included as accompanying documents for the purpose of the application. Where the prospectus contains a summary of an expert's report, the corresponding full report must be submitted.
 - (d) All reports and letters contained in the prospectus must be dated and signed.
- Application for relief
153. Any application for relief from complying with the required disclosure requirements of a prospectus must be submitted to the Authority at least 14 (fourteen) market days prior to the intended date of submission of the prospectus.
- Submission of Prospectus for registration (stage 1)
154. The principal adviser must submit an electronic copy of the prospectus, accompanied by the following documents.
- (a) Cover letter signed by 1 (one) authorized persons of the principal adviser specifying the following:
 - (1) Application to register the prospectus together with a checklist of compliance with this Regulation;
 - (2) A confirmation that the prospectus complies with the disclosure requirements as set out in the Law and this Regulation; and
 - (3) A confirmation that the accompanying documents in the application are complete, duly signed and dated.
 - (b) The Registration fee as prescribed by the Authority;

- (1) MVR 35,000 (Thirty Five Thousand) as Prospectus registration fee; and
 - (2) MVR 35,000 (Thirty Five Thousand) as Shariah classification fee (where applicable).
 - (3) MVR 5,000 (Five Thousand) for each additional supplementary or replacement prospectus.
- (c) Directors' and promoters' responsibility statement for the prospectus and, where applicable, the offerors' responsibility statement;
 - (d) Certified true copy of the letter of consent from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based. The letter of consent must be in accordance with the template provided by the Authority;
 - (e) Certified true copy of each constituent document and the certificate of incorporation.;
 - (f) Certified true copies of all material contracts, regardless whether the contracts are in the corporation's ordinary course of business or not, or documents referred to in the prospectus. For contracts not reduced into writing, a memorandum which gives full particulars of the contracts which must be verified by the due diligence legal adviser;
 - (g) Certified true copies of the audited financial statements of the company for each financial year for the financial period covered in the prospectus, in electronic form only;

- (h) Where the company is a holding company or belongs to a larger group of entities, certified true copies of the audited consolidated financial statements of its subsidiaries for each financial year, for the financial period covered in the prospectus in electronic form only;
- (i) Certified true copy of any expert's report referred to in the prospectus; and
- (j) Certified true copy of each existing or proposed service contract, which provide for benefits upon termination of employment, referred to in the prospectus; and
- (k) For any revision to the prospectus that was cleared by the Authority, the following must be provided to the Authority:
 - (1) Marked-up copy of the revised prospectus in electronic format; and
 - (2) A confirmation from the principal adviser that –
 - 2.1 the principal adviser has seen and confirmed the revisions made to the prospectus; and
 - 2.2 the prospectus complies with the disclosure requirements of the Law and this Regulation.

Request for
Approval of
Prospectus
Exposure

155. Where a prospectus is required to be exposed, the principal adviser must submit an electronic copy of the prospectus for prospectus exposure. The following statement must be prominently displayed on the cover page of the prospectus in bold and a contrasting colour:

“This document has not been registered by the Capital Market Development Authority (Authority). The information in this document may be subject to further amendments before being registered by the Authority. Under no circumstances shall this document constitute an offer for subscription or purchase of, or an invitation to subscribe for or purchase securities.”

- | | | |
|---|------|---|
| Submission of prospectus for registration (stage 2) | 156. | Upon receiving stage 1 approval, the principal adviser must provide all documents required under Section 158, to the Authority at least 14 (Fourteen) market days prior to the intended date of registration. |
| Changes to the Financial Information | 157. | Notwithstanding Section 156, where the financial information has been updated after submission was made to the Authority under Section 154, the revised prospectus must be submitted to the Authority at least 14 (fourteen) market days prior to the intended date of registration. |
| Accompanying documents | 158. | The prospectus must be accompanied by:

(a) A cover letter for application to register the prospectus signed by 1 (one) authorized persons of the principal adviser specifying the following:

(1) confirmation that all relevant conditions of approval, to be complied with before issuance of the prospectus, have been met;

(2) confirmation that all requisite approvals from other relevant authorities have been obtained;

(3) Confirmation that the consents from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based have not been withdrawn; and |

- (b) Certified true copy of any material contract, regardless of whether the contracts are in the company's ordinary course of business or not, report or document referred to in the prospectus, which was entered into or updated after submission was made to the Authority under Section 53;
- (c) Where the financial information has been updated after submission was made to the Authority under Section 156, certified true copies of the audited financial statements for the updated financial year or period, where applicable;
- (d) For any revision to the prospectus that was approved by the Authority under Section , the following must be provided to the Authority:
 - (1) Marked-up copy of the revised prospectus; and
 - (2) A confirmation from the principal adviser that –
 - 2.1 the principal adviser has seen and confirmed the revisions made to the prospectus; and
 - 2.2 the prospectus complies with the disclosure requirements of the Law and this Regulation.

Supplementary
prospectus and
replacement
prospectus

159. (a) For registration of a supplementary prospectus, the supplementary prospectus must be submitted to the Authority at least 7 (seven) market days prior to the intended date of registration.

- (b) For registration of a replacement prospectus, the replacement prospectus must be submitted to the Authority at least 7 (seven) market days prior to the intended date of registration.
- (c) For registration of a supplementary or replacement prospectus, the principal adviser must include–
 - (1) the documents required under Section 158, where applicable; and
 - (2) a list highlighting the original statements from the previously registered prospectus and the amended statements.

The right to return 160. The Authority reserves the right to return the prospectus if in its opinion–
the prospectus

- (a) The disclosures in the prospectus are incomplete or inadequate;
- (b) The prospectus is not in its final or complete form; or
- (c) The prospectus is not accompanied by all relevant materials or documents.

Guidance note on
Prospectus
Registration
Procedures –
General provisions

161. (a) Where any document is amended after submission, marked-up copies (including deletions of information) should be submitted to the Authority.
- (b) The name and designation of the person who has signed the document should be stated below his signature.

- (c) Where a written consent, a letter or a report submitted to the Authority, is issued by a business or professional firm, the signature appearing on such documents should be in the name of the firm and in the personal name of the signatory.
- (d) Where a copy of the audited management accounts is not available:
 - (1) the submission of the prospectus for registration (Stage 1) to the Authority should not be later than 12 (twelve) months after the end of the most recent financial year referred to in the prospectus; and
 - (2) where the prospectus for registration (Stage 1) is submitted to the Authority more than 6 (six) months after the end of the most recent financial year referred to in the prospectus,
 - 2.1 a copy of the management accounts with the relevant management's discussion and analysis should be submitted to the Authority; and
 - 2.2 the end of date of the management accounts should be within three months prior to the submission of prospectus to the Authority.

Guidance note on 162. All reports and letters should be dated and signed within a reasonable time, which generally should not be earlier than the latest practicable date.
reports and letters

Guidance note on 163. (a) The relief application should be accompanied with the relevant supporting documents.
application for relief

- (b) The company and its principal adviser are encouraged to consult the Authority prior to making a relief application.
- (c) For relief from disclosing certain clauses of a material contract to be made available for inspection, specific justification must be provided for each clause of the material contract proposed to be redacted.

Guidance note on completeness of Prospectus 164. The information in the prospectus must be substantially complete except in relation to information that by its nature can only be finalised and incorporated after the relevant authorities' approvals for the corporate proposal. For example, agreements relating to underwriting.

Guidance note on consent letter 165. A letter of consent is not required for a statement made in a prospectus that has been extracted from an official statement by:

- (a) Maldives and foreign governments including federal government, state government, province, county or municipality, a statutory or regulatory Authority, or any agency or body carrying out a regulatory function; and
- (b) United Nations and its organizations.

Guidance note on exposure draft 166. (a) The following information disclosed in the electronic copy of the prospectus for prospectus exposure may be redacted:

- (1) Pricing of shares and related disclosures such as amount for utilization of proceeds and pro forma effects of the issuance of the securities;
- (2) Indicative timetable for the listing; and
- (3) Salient terms of agreements relating to underwriting and cornerstone investors, if any.

- Prospectus registration submission (stage 1)
169. The Principal Adviser shall submit the Prospectus for registration (Stage 1), together with the following:
- (a) Cover letter signed by 1 (one) authorized person of the principal adviser specifying the following:
 - (1) Application to register the prospectus together with a checklist of compliance with this Regulation;
 - (2) Confirmation that the prospectus complies with the disclosure requirements of the Law and this Regulation; and
 - (3) Confirmation that the accompanying documents in the application are complete, duly signed, and dated.
 - (b) Registration fee as prescribed by the Authority;
 - (1) MVR 35,000 (Thirty Five Thousand) for Prospectus registration; and
 - (2) MVR 5,000 (Five Thousand) for each additional supplementary or replacement prospectus.
 - (c) Directors' responsibility statement for the prospectus;
 - (d) Extract of the minutes of the board of directors' meeting that approved the submission of the prospectus or the board resolution to the Authority;
 - (e) Certified true copy of the letter of consent from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based;

- (f) Certified true copy of each constituent document and the certificate of incorporation;
- (g) Certified true copies of all material contracts or documents referred to in the prospectus. For contracts not reduced into writing, a memorandum which gives full particulars of the contracts which must be verified by the due diligence legal adviser;
- (h) Certified true copy of any expert's reports referred to in the prospectus; and
- (i) Certified true copies of the audited financial statements of the company for each financial year and period;
- (j) Where the company is a holding company or belongs to a larger group of entities, certified true copies of the audited consolidated financial statements of its subsidiaries for each financial year and period, in electronic form only;
- (k) Where a prospectus is required to be exposed, the principal adviser must submit an electronic copy of the prospectus for prospectus exposure. The following statement must be prominently displayed on the cover page of the prospectus in bold and a contrasting colour:

“This document has not been registered by the Capital Market Development Authority (CMDA). The information in this document may be subject to further amendments before being registered by the Authority. Under no circumstances shall this

document constitute an offer for subscription or purchase of, or an invitation to subscribe for or purchase securities.”

- Prospectus registration submission (stage 2)
170. Upon receiving stage 1 approval for the offer, the Principal Adviser shall submit to the Authority all documents required under Section 171 for Stage 2 Prospectus registration, at least seven (7) market days prior to the intended date of registration.
- Accompanying documents
171. The prospectus must be accompanied by;
- (a) A cover letter for application to register the prospectus signed by 1 (one) authorized person of the principal adviser specifying the following:
 - (1) confirmation that all relevant conditions of approval, to be complied with before issuance of the prospectus, have been met;
 - (2) A confirmation that all requisite approvals from other relevant authorities have been obtained; and
 - (3) A confirmation that the consents from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based have not been withdrawn.
 - (b) Certified true copy of any material contract, report or document referred to in the prospectus, which was entered into or updated after submission was made to the Authority under Section 169; and
 - (c) For any revision to the prospectus that was cleared by the Authority under Section 169, a letter of confirmation from the principal adviser stating that the responsible persons for due diligence–

- (1) has seen and confirmed the revisions made to the prospectus; and
- (2) has seen and verified that the prospectus complies with the disclosure requirements of the Law and this Regulation.

Pricing supplement 172. When submitting the Pricing Supplement for registration, the Principal Adviser and the Company shall submit a cover letter, signed by one (1) person authorized on behalf of the Principal Adviser, enclosing the following documents:

- (a) Application to register the pricing supplement; and
- (b) A confirmation that the pricing supplement complies with the disclosure requirements in the Law and this Regulation;

Supplementary or replacement prospectus 173. (a) For registration of a supplementary prospectus, the supplementary prospectus must be submitted to the Authority as soon as practicable and at least 7 (Seven) market days prior to the intended registration date.

(b) For registration of a replacement prospectus, the replacement prospectus must be submitted to the Authority at least 7 (seven) market days prior to the intended date of registration.

(c) For registration of a supplementary or replacement prospectus, the principal adviser must include the documents required under Sections 169 and 172, where applicable, and a list highlighting the original statements from the previously registered prospectus and the amended statements.

- Responsibility of the Principal Advisor after registration
174. The Principal Advisor shall ensure that the prospectus issued on the date of its publication is the same as the prospectus registered with the Authority.
- Power to not register Prospectus
175. The Authority reserves the right to return the prospectus if, in its opinion–
- (a) The disclosure in the prospectus is incomplete or inadequate;
 - (b) The prospectus is not in its final or complete form; or
 - (c) The prospectus is not accompanied by all relevant materials or documents.
- Guidance note on General requirements of Prospectus registration
176. (a) Where any document is amended after submission, marked-up copies (including deletions of information) should be submitted to the Authority.
- (b) The name and designation of the person who has signed the document should be stated below his signature.
 - (c) Where a written consent, a letter or a report submitted to the Authority, is issued by a business or professional firm, the signature appearing on such documents should be in the name of the firm and in the personal name of the signatory.
- Guidance note on application for relief
177. (a) The relief application should be accompanied with the relevant supporting documents.

- (b) The corporation and its principal adviser are encouraged to consult the Authority prior to making a relief application.
- (c) For relief from disclosing certain clauses of a material contract to be made available for public inspection, specific justification must be provided for each clause of the material contract proposed to be redacted.
- (d) The information in the prospectus must be substantially complete except in relation to information that by its nature can only be finalized and incorporated after the relevant authorities' approvals for the corporate proposal. For example, agreements relating to underwriting.

Guidance note on 178. A letter of consent is not required for a statement made in a prospectus that has been extracted from an official statement by:

- (a) Maldivian and foreign governments including federal government, state government, province, county or municipality, a statutory or regulatory Authority, or any agency or body carrying out a regulatory function; and
- (b) United Nations and its organizations.

Chapter 7

Miscellaneous

Power to require 179. Notwithstanding the requirements of this Regulation, the Authority may require the disclosure of other additional information in any particular case, where it deems appropriate.

Definitions

180. Unless otherwise defined, all words used in this Regulation, shall have the same meaning as defined in the Maldives Securities Act (Act number: 2/2006). In this Regulation, unless the context otherwise requires, the following terms shall have the meanings as defined below.
- (a) “Act” shall mean the Maldives Securities Act (Law No: 2/2006);
 - (b) “Approved Accounting Standards” shall mean the accounting standards endorsed by the Legally authorised standard-setting body in the Maldives;
 - (c) “Approved Auditing Standards” shall mean the accounting standards endorsed by the Legally authorised standard-setting body in the Maldives;
 - (d) “Auditors” shall mean a firm that is a registered auditor with the Institute of Chartered Accountant of the Maldives and whose registration has not been suspended;
 - (e) “Audited Financial Statements” shall mean (as the case may be); -
 - (1) the audited financial statements of the company; or
 - (2) where the company is a holding company or belongs to larger group of entities, the audited consolidated financial statements of the company.
 - (f) “Authority” shall mean, the “Capital Market Development Authority” established under the Law number 2/2006: (Maldives Securities Act);

- (g) “Future Financial Information” shall mean financial information based on the assumptions made by the directors of the company about events that it expects to exist and the course of action it expects to take;
- (h) “Holding company” has the meaning assigned to it in the Companies Act (Act number 7/2023);
- (i) “Independent Director” has the meaning assigned to it in the Corporate Governance Code passed by the Authority;
- (j) “Independent Valuer” shall mean;
 - (1) neither he nor any of his partners or majority shareholders or directors are directors or employees of the company issuing securities for which the valuation is sought or have significant financial interest therein; and
 - (2) the company issuing securities does not have a significant financial interest in the valuer’s firm.
- (k) “Key Senior Management” shall mean the senior management team (excluding directors) of a company having authority and responsibility for the business operations or management (regardless of title used) and includes the managing director or chief executive officer, chief operating officer and chief financial officer;
- (l) “Latest Practicable Date” shall mean a date whereby the information disclosed should remain relevant and current as at the date of issue of the Prospectus;

- (m) “Listing Rules” shall mean the Listing Rules of the Stock Exchange approved by the Authority;
- (n) “Market Day” shall have the meaning assigned to it in the Listing Rules of the Maldives Stock Exchange;
- (o) “MVR” shall mean Maldivian Rufiyaa;
- (p) “Offer or Offering” shall mean the invitation made to subscribe for the securities of a company;
- (q) “Principal Adviser” shall mean any person licensed by the Authority under the Principal Advisers’ Regulation;
- (r) “Promoter” shall mean;
 - (1) who has been named as such in a prospectus; or
 - (2) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or
 - (3) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act: Provided that this shall apply to a person who is acting merely in a professional capacity;
- (s) “Prospectus” shall mean, in addition to the meaning assigned to it under Article 172 (a) of the Companies Act (Law No: 7/2023), any notice, circular, advertisement, or other document of a similar nature that invites applications for the purchase or subscription of securities, and,

unless the context otherwise requires, includes a Supplementary and Replacement Prospectuses.

- (t) “Prospectus registered date” shall mean the date on which Authority issued prospectus registration;
- (u) “Prospectus date” shall mean the date on which the Company published the prospectus; and
- (v) “Prospectus Period” shall mean, period between prospectus date and closing date of the offer;
- (w) “Private Securities Segment” shall mean the prescribed framework or mechanism by the Authority, for the offering and listing securities by way of private placement;
- (x) “Related Party” has the meaning assigned to it under the approved accounting standards.
- (y) “Related Party Transaction” has the meaning assigned to it under the approved accounting standards;
- (z) “Shariah Adviser” shall mean any person licensed by the Authority under the Regulation on Registration of Shariah Advisers (2013/R-54).
- (aa) “Subsidiary” has the meaning assigned to it in the Companies Act (Act number 7/2023);
- (bb) “Substantial Shareholder” shall mean;
 - (1) if the person has an interest in one or more voting shares in the company and the number or the aggregate number of such shares

is not less than five per centum of the total number of all the voting shares included in the company; or

(2) being a company the share capital of which is divided into—

2.1 two or more classes of the shares, if the person has an interest in one or more voting shares included in one of those classes; and

2.2 the number or the aggregate number of such shares is not less than five per centum of the aggregate number of the total number of all the voting shares included in that class of shares.

(cc) “Stock Exchange” has the meaning assigned to it in the Maldives Securities Act (Law number 2/2006).

Prevailing Authority of this Regulation 181. From the date this Regulation becomes effective, Companies undertaking issuance of Securities in the Maldives Capital Market shall comply with the requirements stipulated in this Regulation for the preparation of the prospectus. This Regulation shall supersede any previous Regulation concerning Prospectuses from the effective date of this Regulation.

Commencement 182. This Regulation shall be effective on the date it is published in the Gazette of the Government of the Maldives.