

Regulation Number: 2019/R-1049

**Off market Transfers Rules for Listed Shares  
(Unofficial Translation)**

Capital Market Development Authority

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## **Off market Transfers Rules for Listed Shares**

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## 1. Introduction

These rules are made in accordance with the Section 60 of Law Number 2/2006 (Maldives Securities Act), and these rules shall be called 'Off market Transfers Rules for Listed Shares'.

## 2. Scope and interpretations

- a) Except those stated under subsection (b), listed shares shall be transferred through the trading mechanism of a stock exchange where shares are listed.
- b) Subsection (a) does not apply in the following cases:
  - i. Those stated under section (3) of these rules;
  - ii. Those stated under section (4) of these rules.

## 3. Transfers not considered as a sale

- a) Off-market transfers are allowed in the following cases:
  - i. Where the transferor and transferee have either of the following relations between them;
    - 1) Spouse, mother, father, grandmother, grandfather, children (including grandchildren and stepchildren), children under legal guardianship, siblings.
  - ii. Court approved transfer(s);
  - iii. A gift or donation to a charity or not-for-profit organization registered in Maldives;
  - iv. Transfers by consequence of a company restructuring or reorganization scheme;
  - v. Where the proposed transfer may not be considered a hidden sale/purchase transaction under the circumstances and relationships between transferor and transferee.

## 4. Approved transfers by sales transactions

- a) Transfers following these types of sales:
  - i. Where it is a sale transactions, and all of the following applies;
    - 1) The total shares proposed to sell is equal to or more than 5% of the total issued number of shares of the same class;
    - 2) The offeror proposes to sell through a public offering by a prospectus/offer document;
    - 3) The price is within  $\pm 10\%$  (Plus or minus Ten percent) of the WATP of the Exchange transactions within the last 6 months.
  - ii. Where it is a sale transactions, and all of the following applies:
    - 1) The total shares proposed to sell is equal to or more than 5% of the issued number of shares of the same class;
    - 2) An order has been placed on the trading board of the Exchange for the past one month, and has not been matched;
    - 3) The offeror applies to the Authority with the stated information; that is – (i) information on the shares; (ii) consideration to be paid; (iii) information on the transferor and transferee including its major shareholders; and the Authority has reasons to believe that the given order could not be matched through the Exchange market;
    - 4) The price is within  $\pm 10\%$  (Plus or minus Ten percent) of the WATP of the Exchange transactions within the last 6 months.
  - iii. Where one party to the transfer is a licensed dealer, and where he is a trading member of the exchange, after fulfilling the better orders that has already been placed at the exchange – but in any case, provided that the price is within  $\pm 10\%$  (Plus or minus Ten percent) of the WATP of the Exchange transactions within the last 6 months.

- iv. Where the shares have been issued under a private placement scheme, and shares of that class has been listed under the private placement category.

## **5. Approval of transfers**

- a) Approval of the Authority shall be sought for transfers under section 3(a) [iii, iv, and v].
- b) Where the transfer applications comply with these rules, and where there are no reasons to reject the transfer by the company under the Companies' Act or the Articles of Association, the company should allow the transfer of shares.

## **6. Applications for transfers**

- a) Application shall be made for transfers to the following persons:
  - i. Where the shares have been deposited at the depository, to that particular depository;
  - ii. For other shares, to the issuer or a person appointed by the issuer.

## **7. Information to the Exchange**

- a) Information regarding transactions made under Section 4 of this Regulation shall be provided to the Exchange where such shares are listed.
- b) The Exchange should publish the information received, except the identities of the buyer and the seller.

## **8. Commencement and repeal**

- a) These rules shall commence on publication in the Gazette.
- b) On publication of this Regulation, the Regulation Number: 2011/R-52 (Regulation on Off-market Transfers of Securities) is repealed.
- c) These rules have no impact on applications made prior to commencement of these rules.

## **9. Definitions**

In these rules -

- a) WATP (Weighted Average Traded Price) shall be obtained by the following formula:  
$$\frac{\text{[The total values of shares traded]}}{\text{[Total number of shares traded]}}$$
- b) 'Off market transfers' shall mean transfer of listed shares without order matching in a licensed stock exchange.

All words and phrases used in these rules shall be interpreted in accordance with the meaning given in the Maldives Securities Act.