



CMDA

Quarterly Report
(Qtr 01, 2009)

CMDA Quarterly Report

PREFACE

This report covers market news and main activities of the Authority during the 1st quarter of 2009.

MEETING WITH THE PRESIDENT OF MALDIVES

During the quarter under review, the CMDA management met with the President of Maldives to inform the President on the policy direction of the CMDA. The President instructed the CMDA to strengthen the CG framework and put more efforts to implement the CMDA Corporate Governance Code for all government companies.

REAPPOINTMENT OF CMDA BOARD

The President of the Maldives reappointed 4 members of the CMDA Board and appointed a new Chairman to the Board on 28th Jan 09. With the appointment of the new Chairman, the outgoing Chairman was appointed as the representative of the MMA.

The CMDA expresses its sincere appreciation to the former Chairman, Mr. Abdul Ghafoor for his invaluable services and contributions to the stewardship of the Authority in its formative years. The CMDA also welcomes Ms. Mariyam Hussein Didi as the Chairperson of the Board.

Current Board composition is as follows:-

- Ms. Mariyam Hussein Didi (Chairperson)
- Ms. Fathimath Shafeega (CEO)
- Mr. Abdul Ghafoor Abdul Latheef (MMA)
- Mr. Ahmed Ifthikhar (Registrar of Companies)
- Mr. Ali Arif (Ministry of Finance and Treasury)
- Mr. Hussein Ibrahim (Private Sector)
- Mr. Mohamed Rasheed (Private Sector)

REGULATORY ACTIVITIES

Meetings of the Board

During the quarter, CMDA Board met 11 times and passed resolutions relating to the following issues:

- Approval of the MSE Board members
- Appointment of a new Board Secretary
- Administrative action against 2 Dealing companies
- Policy guidance on opening up the capital market for foreign investors
- Approval of financial reports of CMDA for 2008
- Revision of CMDA salary structure

Meetings with Market Participants

Scheduled regulatory meetings were held during the quarter. In this regard, three meetings were held with the Stock Exchange and one meeting was held with the Dealing companies. The following issues were discussed in the meeting:-

- Proposed fees of the MSE
- Amendments to the MSE Operating Rules
- Going Public and compiling a Calendar of Public Offerings
- Setting up of a Compensation Fund
- Approval of new members to the MSE Board
- Opening up the capital market for foreign investment
- Lifting suspension of Aariya Securities
- Introducing Issue Managers to the market
- Annual General Meeting of MSE

Inspections

An inspection of MSE was carried out following the relocation of the Maldives Stock Exchange to M.Goldhill, Chaandhanee Magu.

The 2008 fourth quarter inspection of Dealing companies was carried out in Feb 09. The three Dealing companies: Island Securities & Brokerage; Stock Brokers Maldives and First Option were inspected and the findings were communicated to the respective companies. The findings of the inspections revealed that the Dealing companies are increasingly adhering to the standards set by the Authority. A follow-up inspection of Aariya Securities was also conducted during the quarter.

Main Areas of the Inspection

Category	Areas Reviewed
Trades	<i>Order Book, Staff Trades, Client Agreements, Payments and Bought / Sold Notes</i>
Payment Methods	<i>Maintaining proper payment records / Cash Book entries.</i>
Policies and Procedure	<i>Staff Trade Procedure and Staff Conduct Procedure</i>
Management and Staffs	<i>Changes to the management / staffs and conflict of interest.</i>

Imposition of Administrative Fine

With regard to the MTDC related investigations carried in the latter half of 2008, an administrative fine was

levied on Island Securities & Brokerage and Aariya Securities. An amount of Rf10,000 was levied on each company for non-compliance with the Regulation on Conduct of Securities Business. With the imposition of the fine the companies were directed to strengthen their internal control systems and train their staff so as to minimize situations of non compliance with market rules and regulations.

Finalization of MTDC Investigation

The investigation of 'MTDC case' has been finalized and the report of the investigation has been sent to the Attorney General's Office for legal guidance. CMDA is awaiting for a response from the AG office. The CMDA also briefly discussed the case with the Prosecutor General upon the request of the Prosecutor General. A summary of the 'MTDC case' report will be published in due course.

Approval of Fees and Fines

During the quarter a schedule of fines and fees to be levied by the Disciplinary Committee of the MSE was received by CMDA for approval. Under the CMDA regulations all fines and fees to be levied by the MSE should be approved by the CMDA Board. Discussion sessions are ongoing prior to approval of the fees and fines.

Trading Halt of BML Shares

A two day trading halt was imposed on BML starting from 19th Jan 2009. The halt was triggered in relation to the Auditor General's Report on BML operations. The main aim of the halt was to ensure wider distribution of information to the market.

TRAINING AND AWARENESS

- A Company Directors Training Programme was conducted by CMCGI from 16th February 2009 to 19th February 2009. The main objective of the programme was to promote good corporate governance among the local companies. A total of 25 people participated in the programme.
- As at the end of the quarter, awareness programmes were ongoing in association with the Voice of Maldives. The aim of the programmes are to create awareness among investors on the importance of investing in the capital market. A total of 8 programmes have been broadcasted during the quarter.
- Presentations were delivered to Muhyiddin School and Ghazee School to promote the importance of savings and also to give information about the upcoming essay competition in April 09.
- Corporate Governance awareness presentations were delivered to the staff of MIFCO and STELCO.

CORPORATE GOVERNANCE IMPLEMENTATION

Meeting with Award Applicants

Meetings and discussion sessions were held throughout the quarter to guide the companies on CG implementation issues.

Furthermore, a meeting was held at CMDA with the listed companies competing for the CG award to discuss the award criteria. During this meeting, the Award Applicants were requested to make presentations to the CMDA in the presence of selected audience before mid June 2009. Companies were guided to cover the following areas in their proposed presentations:-

- Work undertaken to adopt CG principles.
- Contribution to significant development of CG practices.
- Promotion of initiatives for the enhancement of future CG practices.

Technical Committee Meeting

The third meeting of the CG Technical Committee was held during the quarter under review. Mr. Ibrahim Riyaz and Mr. Ahmed Adheeb Abdul Ghafoor were nominated to the technical committee on behalf of the Maldives National Chamber of Commerce and Industry participated in the meeting.

Issues relating to the CG National Award assessment and ways to promote Corporate Responsibilities were discussed in the meeting.

Work undertaken by CMDA to seek membership of the Global Corporate Governance Forum was explained to the Committee members. The Committee was also informed on the progress of the ongoing ROSC Assessment by the World Bank.

CMDA NEWS

3rd Anniversary of CMDA

CMDA marked its 3rd anniversary on 26th January 2009. A meeting was held at the CMDA conference room to mark the occasion. A presentation was made to highlight the goals achieved in 2008 and the set goals for 2009. Staff awards were also presented in the meeting.

Staff Training and Study Leave

- Ms. Raheema Abdul Gadhira attended a seminar on 'Public Administration and Governance in Singapore'.
- Mr. Muslih Mohamed Ismail and Ms. Aminath Shizaama participated in an internship programme organized by the Securities and Exchange Commission of Sri Lanka.
- All staff of CMDA participated in a training

programme on performance appraisal conducted by the Office of the President.

- Ms. Azleema Ahmed was granted study leave to undertake a postgraduate degree in Public Policy and Economics in Australia.

Promotions and New Recruitments

- Ms. Shabab Rasheed and Mr. Makhzoom Saleem were promoted from the rank of managers to Senior Managers of Legal Affairs Section and Market Regulation, Supervision and Enforcement Section respectively.
- Ms. Fathmath Nada was recruited as a Senior Officer of Investor Education and Market Development Section.

MARKET DEVELOPMENT

Facilitating Further Issues

Discussion sessions were held with the MTDC regarding the proposed public offering, to assist the company to launch a successful offering. MTDC new share issue is planned for the latter half of the year.

Selected local companies in the tourism sector in need of capital were contacted by CMDA to identify the capital requirements and to encourage capital raising through public offering.

According to the information received by the CMDA most of the state-owned Companies are expected to go public within the next few years. The earliest share issues are expected in STO, MTCC, MTDC, BML, HDFC and Fathuru Maldives. To make the proposed issues more successful, it is important to facilitate foreign investors to invest in these companies.

Facilitating Foreign Investment

CMDA held discussion sessions with Ministry of Economic Development (Invest Maldives) to identify ways on attracting Foreign Investments to the capital market. In the discussion, CMDA urged the authorities to lift restrictions if any on foreign investment in the capital market as soon as possible.

There is no legal restriction in the Maldives Securities Act and the regulatory framework of the capital market for foreign companies to list on the Maldives Stock Exchange. As such, CMDA has published a notice through its website inviting interested parties to list on the Maldives Stock Exchange.

As at the end of the quarter Invest Maldives is working on the review of regulations to facilitate the process.

Expression of Interest from a Lanka Broker

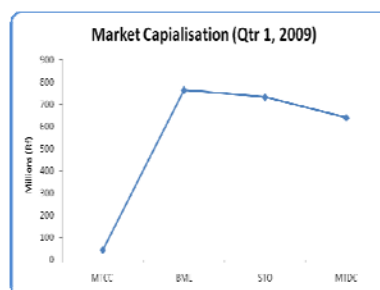
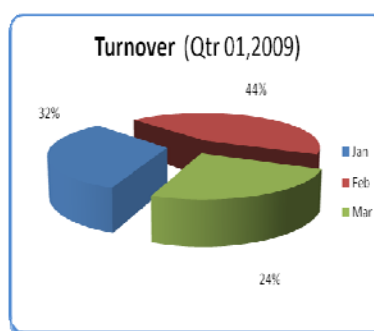
CMDA is receiving expression of interest from foreign brokerage companies to participate in the Maldivian

capital market. In this regard, an international Brokerage company based in Sri Lanka, SKM Lanka Holdings PVT LTD, has expressed their interest to setup its operation in the Maldives.

According to the company they are encouraged by the recent changes in the policies of the Maldives in the direction of deregulation, foreign investment and privatization. SKM Lanka Holdings is keen to launch operations in Maldives to do business in stock broking and other capital market services. The company is also interested to bring some of its client companies listed in the Sri Lanka and Pakistan to the Maldives Stock Exchange.

STOCK MARKET REVIEW

At the end of the quarter, the stock market closed by recording a turnover of Rf1,081,124 from a sum of 87 trades. This reflected an increase of around 49 percent compared to the preceding quarter's turnover.



Market Capitalization at the end of the quarter stood at Rf2,181,864,960. A breakdown of this reflected that the BML holds 35 percent, STO holds 34 percent, MTDC and MTCC hold 29 percent and 2 percent respectively.

A sum of 5,056 shares were traded through the MSE which consist of 2,847 share of BML, 1,887 shares of MTDC and 322 shares of STO.

Moreover, no shares of MTCC were traded during the quarter under review.

Month of February was indicated as the best month of trading by claiming 44 percent of the total trading turnover of the quarter.

The MASIX for the quarter opened at 287.07 points which later on decreased by 8 points and stood at 278.86 points at the end of the quarter.

Training



Company Secretary Training Programme

A Company Secretary Training Programme will be held from 7th April 09. Interested parties are requested to call CMDA on 3336619.