

Policy on prohibition of dealing in securities by connected persons with access to unpublished information

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- Introduction*
1. (a) This policy governs trading of listed securities by persons with access or potential access to unpublished price sensitive information.
 - (b) Procedures for trading by connected persons are laid down in this policy, including procedure for submission of requests for approval and duration in which approval cannot be granted.
 - (c) Upon commencement of this policy, the persons stated in section 2 shall follow this policy in trading of securities.
 - (d) Within three months from the date of commencement and notification of this policy, the Maldives Stock Exchange Company, the Maldives Securities Depository Company, and Listed Companies should formulate and file with the CMDA, the Insider Trading Policy for those stated in section 2.3, 2.4 and 2.5, and the stated Restricted Persons list.
 - (e) Policy on prohibition of trading by ‘insiders’ (connected persons) as stated in section 54 of the Maldives Securities Act (02/2006) should be regarded as the basis for this policy and should be complied at all times.
- Scope*
2. This policy applies to the following persons.
 - (1) Board of Directors of CMDA
 - (2) Employees of CMDA
 - (3) Directors and Employees of the Maldives Stock Exchange Company
 - (4) Directors and Employees of Maldives Securities Depository Company
 - (5) Following persons of the Listed companies
 - i) Members of the Board of Directors
 - ii) Those named in the ‘Restricted persons list’
- Restricted persons*
3. (a) ‘Restricted persons’ shall mean – those amongst the employees, consultants or contractors of listed companies who, due to the nature of the employment, contract or service agreement, have or may have access to unpublished price sensitive information of that particular company, and shall include the Company secretary, persons undertaking the secretarial function the Board, and employees in departments undertaking financial matters.

- (b) Upon commencement of this policy, the listed companies shall compose the Restricted persons list and submit to CMDA and the Stock exchange.
- (c) The Restricted person's list shall include all persons with potential access to price sensitive information.
- (d) Where any person is added to, or removed from the list, such shall be notified to CMDA and the Exchange in writing within 5 working days.

Price sensitive information

- 4. 'Price sensitive information' shall mean – those unpublished information which, if published, may directly or indirectly affect the price of listed securities. These shall include –
 - (1) Financial statements
 - (2) Dividends and bonus issues
 - (3) Changes to capital structures
 - (4) Takeovers
 - (5) Mergers
 - (6) Acquisition or disposal of major/significant assets
 - (7) Winding up/Liquidation
 - (8) Any other information that may, at the time be considered as information that may directly or indirectly affect the price of listed securities.

Meaning of 'publication'

- 5. 'Published' means – that the information has been
 - (a) Published in the company website; and
 - (b) Shared with a registered Media in Maldives; and
 - (c) Has been emailed or communicated in writing to CMDA and the Stock Exchange

Rules on securities transactions

Dealing in securities

- 6. In this policy, 'transactions' shall mean buying or selling securities on the secondary market through the Stock Exchange.

Offense of trading while in possession of price sensitive information

- 7. Under section 54 (n) of the Maldives Securities Act, it is an offense for any connected person with the possession of price sensitive information to deal in such securities or transmit such information to another person, punishable by a fine between 25,000 to 100,000 or imprisonment of between 3 months to one year or both, or if it is a company or an institution, a fine of between 50,000 to 200,000.

Requests for approval

8. (a) The procedures for approval of trading requests by persons stated in section 2 (5) of this policy, must be stated in the 'Insider dealing policy' formulated under section 1(d).
- (b) Where a promoter or a director or any other person of a listed company is subject to prohibition in dealing securities by CMDA or the company, which applies to a certain prescribed duration, such person shall not be permitted to carry out restricted transactions during the prescribed duration.
- (c) persons stated in subsections 2, 3, and 4 of section (2) shall deal in securities after writing to, and obtaining approval from, the Chief Executive Officer of CMDA.
- (d) Members of the Board of Directors of CMDA, except the Chairperson, shall deal in securities after obtaining approval from the Chairman of CMDA.
- (e) Chairman of CMDA shall deal in securities after obtaining approval from the CEO of CMDA.
- (f) Persons restricted under this policy shall obtain approval, separately for each transaction.
- (g) The approval shall expire where trading order has not been placed by the earliest date from (a) the beginning date of the earliest subsequent prohibited duration stated in section (9), and date stated in the approval.
- (h) Where any person requests for approval under this policy, a decision shall be made and informed within 5 working days.
- (i) No approval shall be given that will coincide with a prohibited periods specified in section 9.
- (j) In assessing the approval requests, the objective of preventing insider dealings by persons with access to unpublished price sensitive information shall always be duly considered, and persons to whom this policy applies must ensure that no approvals are granted during the prohibited periods specified in section 9.

Prohibited durations

9. No person to whom this policy applies shall deal in securities during the following periods.
 - (1) For persons stated in section 2 (5)
 - a. From the beginning of the new financial year, up to the date of publication of audited financial statements of the previous financial year
 - b. From the beginning of a new quarter, up to the date of publication of the accounts of the previous quarter

- c. A period during which there exists information which requires publication under 2011/R-10, up to the date of publication of such information
 - d. A period during which there exists unpublished price sensitive information
 - e. Up to the end of the third day starting from the next day of publication of information stated in (a) to (d) above
- (2) Those stated in subsections 1, 2, 3, and 4 of section 2 –
- a. Where the Authority or the Stock Exchange has knowledge of existence unpublished price sensitive information, the Directors and employees of the respective institution
 - b. Up to the end of third day from the next day of publication of information stated in (a) above.

Notification of prohibited durations

10. Each company shall notify persons in its' restricted persons list, the period during which trading in securities is prohibited under this policy.

Waiver under exceptional circumstances

11. Where a person, who is not in possession of unpublished price sensitive information, submits to CMDA and CMDA is of the view that there exists exceptional circumstances CMDA may grant approval for a period stated in section 9. Exceptional circumstances means where a person is in severe financial hardship.