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CMDA

Capital Market Development Authority

QUARTERLY BULLETIN

QTR 3, 2014



Capital Market Development Authority
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PREAMBLE

The Capital Market Development Authority (CMDA) is pleased to present the third CMDA Quarterly Bulletin for the year 2014. The ‘CMDA Quarterly Bulletin’ comprises of two segments, one for the Conventional Capital Market and one for the Islamic Capital Market. Pages 6 of this Bulletin will contain news and developments on the Islamic Capital Market.

BOARD MEETINGS AND RESOLUTIONS

The CMDA Board of Directors met a total of 5 times during the quarter under review. Important decisions and issues resolved upon include:

- ◇ Endorsement of proposal by Maldives Pension Administration Office to reduce the administrative fee of the Maldives Retirement Pension Scheme to 0.9% from 1%.
- ◇ Endorsement of priority areas for the CMDA, for the year 2015.
- ◇ Reviewed the due diligence screening criteria conducted for candidates shortlisted for the MPAO Board of Directors.
- ◇ Endorsement of budget for the year 2015.
- ◇ Endorsement of Internship policy for CMDA.

CAPITAL MARKET STRATEGIC PLAN (CMSP) COMMITTEE

The strategic plan for the period 2010 – 2014, will expire with the culmination of the current year 2014. As such, the CMDA Board of Directors had formed a 7 member committee during the second quarter of 2014, tasked with formulating the strategic plan for the next five years period 2015 – 2019.

During the quarter under review, the committee met 3 times, and is currently in the initial stages of drafting the Capital Market Strategic Plan 2015 -2019. The committee has initiated a market assessment survey, to determine the key issues and challenges of pertinence to the capital market in

Highlights:

- ⇒ Board Meetings and Resolution
- ⇒ Capital Market Strategic Plan (CMSP) Committee
- ⇒ Laws and Regulation
- ⇒ Market Regulation and Supervision
- ⇒ Stock Market Highlights
- ⇒ Pension Supervision
- ⇒ Training Awareness
- ⇒ MIFP Programme
- ⇒ Islamic Capital Market
- ⇒ MIBFI Conference

the Maldives.

LAWS AND REGULATION

Investment Adviser Regulation

The investment adviser regulation, initially endorsed by the CMDA Board of Directors, was amended as per the recommendations made by the President’s Office. The amended version of the Investment Adviser Regulation was re-endorsed by the board on 12th August 2014 and has sent to Gazette. The Investment Adviser Regulation outlines the requirements and process for licensing investment advisers and investment advisers’ representatives.

Translation of Corporate Governance Code

CMDA’s corporate governance code for listed companies was translated to Dhivehi, during the quarter and endorsed by the Board of Directors on 2nd September 2014. The original English version of the Code and the Dhivehi translated version has been sent to Government Gazette.

MARKET REGULATION AND SUPERVISION

Continuing Disclosure Obligations

Companies listed on the Maldives Stock Exchange, published their quarterly report for the 2nd Quarter of 2014, towards the end of July. A compliance review was carried out, to ensure the whether the quarterly reports were in accordance with the Minimum Quarterly Reporting Requirements (MQRR) set forth by the CMDA.

Under MQRR, companies are required to publish information regarding developments of the company, administration, financial statements, and market highlights, compliance statements relating corporate governance and reporting. The quarterly reports are published on the listed company's website.

Onsite Inspections

The report on preliminary findings of the onsite inspections carried out during the previous quarter were finalized and communicated to the respective market intermediaries, during the quarter under review. The comments received were reviewed by the CMDA and the final inspection report along with the recommendation will be sent to market intermediaries.

Enforcement actions:

Following are the enforcement actions taken during the quarter;

Licensed entity	Reason
MSE	Failure to get approval for MSE board of directors prior to appointment Failure to submit AGM documents before the due date
MSD	Failure to get approval for MSD board of directors prior to appointment Failure to submit AGM documents before the due date

MSE and MSD have appealed as such it will be decided by the CMDA Board.

LICENSING & REGISTRATION

All the licensed and registered intermediaries except Stock Exchanges are subject to renewal their license every two years, under the Maldives Securities Act.

During the quarter under review, the CMDA received 2 dealer's license renewal applications, a broker license renewal application and a principal advisor registration application. After having reviewed the applications, the Authority approved to renew license of the following applicants.

#	Name	Type	Renewal Period
1	Ahmed Zaiyan	Brokers' License	06 th Nov 2014 – 05 th Nov 2016
2	Aariya Securities Pvt. Ltd.	Dealers' License	06 th Nov 2014 – 05 th Nov 2016

STOCK MARKET HIGHLIGHTS

Particulars	Q2, 2014	Q3, 2014
Trades	27	21
Volume	1,126,539	707,624
Value (in MVR)	85,351,363	2,976,392

There is a decrease in the volume of shares transacted in the 3rd Quarter by 37.19% , when compared to the previous quarter. Total value of shares traded in this quarter stood at MVR 2,976,392.00

PENSION AND SUPERVISION

Annual On-site Inspection of MPAO 2014

Annual on-site inspection of Maldives Pension Administration Office (MPAO) for the year 2014 was conducted during the month of August . The main objective of the annual inspections is to assess major risks faced by the Maldives Retirement Pension Scheme (MRPS) and recommend precautionary measures to mitigate the risks which pose the highest threat.

During the inspection, senior management and Board members of MPAO were interviewed. Furthermore,

procedure manuals and internal control documents were reviewed in order to assess the governance of the scheme. Prior to the on-site visit, off-site risk assessments were carried out by the inspection team.

Quarterly Assessment of the Maldives Retirement Pension Scheme (MRPS) for Q2, 2014

Quarterly assessment of the MRPS was carried out for the 2nd Quarter of 2014. This assessment presents analysis of the investment and performance of the assets of the MRPS; and assessment of risks, based on status of implementation of recommendations given to the MPAO following the most recent on-site inspection.

The aim of this analysis is to provide information on the current status of the fund in order to guide policy and supervisory activities.

Monitoring appointment of members to MPAO Board

Following the receipt of the names of shortlisted candidates to the MPAO Board, the Authority verified the candidacy of these candidates under the Pension Act 08/2009 and the information was sent to MPAO.

As the Board Membership of 2 members had expired, new members were appointed to the MPAO Board by the President.

Additionally, 'Income & Asset Disclosure' forms were received from the newly appointed members as well as the members who ceased to act as Board Members.

Research on international best practices relating to operational and supervisory matters of pension fund Custodians

The objective of the research was to compile and present information on operational matters and supervisory structures of various institutions providing custodial services to pension funds.

Furthermore, this research paper provides recommendation on best practices so as to guide the supervisory activities of the Pension Supervision Department in relation to its supervision of BML's custodial services.

World Bank Pension and Social Protection Administration Project—highlights

Under the World Bank, Pension and Social Administration Project, funding is provided for CMDA to strengthen Pension Supervision Department and development of Capital Market. The following activities were initiated during the quarter:

- ◇ Hiring a system architect to provide consultation on the design and development of the Maldives Stock Exchange and Depository system.
- ◇ Finalizing the terms of reference for a party to conduct a System Audit of the Maldives Retirement Pension Scheme system 'Koshaaru'.
- ◇ Completion of two infomercials to educate and raise awareness on accessing finance and investing through the capital market.

TRAINING AND AWARENESS

MIFP Programme

The first ever postgraduate programme in Islamic Finance in the Maldives, commenced on the 20th of September 2014. The Masters in Islamic Finance Practice (MIFP) is a masters level programme offered by the International Centre for Education in Islamic Finance (INCEIF) of the Bank Negara, Malaysia.

MIFP programme is developed by renowned international thought leaders, academicians and experts from both conventional and Shari'ah financial fields, ensuring that students graduate with a working knowledge of both disciplines.

The programme was initiated by CMDA, in collaboration with INCEIF and College of Islamic Studies (CIS). Fifty candidates submitted their applications for the MIFP programme, out of which 40 applications were approved for the September 2014 intake by INCEIF.

INCEIF awarded scholarship opportunities for the two successful candidates of MIFP as per the MoU between CMDA and INCEIF. The scholarships were awarded to



Mr. Mohamed Ishraq Faisal and Ms. Aishath Samah. This scholarship covers all fees except application processing administration fees.



During the face-to-face tutorial session

The programme has now commenced and the first classes of tutorial were held from the 20th to 22nd of September 2014 at the College of Islamic Studies was conducted by Associate Prof Dr Magda Ismail A. Mohsin from INCEIF.

RFP for Investment Adviser Training

A Request for proposals (RFP) to conduct a training program on investment advisers was announced during the quarter. The program is targeted for potential investment advisers or Fund Managers who wish to apply for the Investment adviser’s or Fund Manager’s license to be issued by the CMDA.

RFP for Going Public Program

During the quarter under review, RFP for “Going Public Program” was advertised. The aim of the program is to gather information from the market and business sector to identify level of awareness in raising finance from capital market and to identify issues in ‘going public’. Secondly the program tries to reach decision makers in business sector and to provide information on financing via capital market.

Awarding Ceremony for Art Competition 2014

The awarding ceremony of the CMDA Art Competition 2014, was held at the National Art Gallery on the 17th of July 2014. A total of 8 schools including Male’ and Atolls participated and students from grades 5, 6 and 7 submitted their artwork for the competition. The theme for the artworks, was ‘How to

grow your money’. CMDA conducted Art Competition targeted to school students has been conducted for the last 3 years, to create awareness about the capital market and the financial sector . A total of 52 students participated in the competition. The award winners of the competition were as follows:

Grade 7		
	Name	School
1 st Place	Khadeeja Shua Abdulla	Jamaluddin School
2 nd Place	Aminath Nadhuvaa Khalid	Iskandhar School
3 rd Place	Malaka Mohamed Naseer	Jamaluddin School
Grade 6		
1 st Place	Aishath Ahnan Shareef	Jamaluddin School
2 nd Place	Mariyam Faina Shiyam	Billbong High International School
3 rd Place	Raaya Aboobakuru	Iskandhar School
Grade 5		
1 st Place	Ali Iujaz Maumoon	Iskandhar School
2 nd Place	Hawwa Zeeshan Majeed	K. Atoll School
2 nd Place	Mariyam Aifaa Ahmed	Maradhoo School
3 rd Place	Raudh Ahmed Zilal	Iskandhar School



Winners of the Art Competition 2014

ISLAMIC CAPITAL MARKET DEVELOPMENTS

ICM Monthly Workshop

During the quarter, CMDA conducted 2 ICM awareness in collaboration with Ministry of Islamic Affairs. A total of 118 individuals participated in these 2 workshops which were held at the Islamic Centre hall. Certificates of September workshop were distributed by Minister of State for Islamic Affairs, Dr. Mohamed Ali.



Participants of ICM Monthly Awareness workshops

Shari'ah Screening

The Bi-annual Shari'ah Screening of Amana Takaful was carried out during the quarter, to check the compliance level of the business activity in accordance with the rules set in the regulation on Islamic Securities Screening issued by CMDA.

Reviewing of HDFC Sukuk progress report.

During the quarter, authority reviewed Sukuk progress report of HDFC Plc, to check the compliance in accordance with the rules set in the Regulation on Issuance of Suku.

COMCEC Survey

The CMDA is in the process of conducting a survey designed by the Standing Committee for Economic and Commercial Cooperation COMCEC to access the financial literacy level among the retail investors. A total of 100 investors, with investments in HDFC Plc. and Amana Takaful (Maldives) have been selected as the sample for the survey.

MIBFI Conference

The first Maldives Islamic Banking and Finance Industry (MIBFI) Conference was held at the Islamic Centre hall on the 17th of September 2014. The conference was conducted by UTO EduConsult (Pvt.) Ltd and Ministry of Islamic Affairs.

The conference was attended by the key players in the finance industry and institutions of the emerging Islamic banking and finance industry in the Maldives, as well as international delegates from numerous countries.

Dr. Azeema Adam, Governor of the central bank, Maldives Monetary Authority, inaugurated conference as the chief guest of the opening ceremony and delivered the keynote address. The chairman of the Board of Directors of the CMDA, Mr. Ashraf Abdul Raheem also delivered a speech titled, 'Development of Islamic Finance in the Maldives.

Dr. Aishath Muneeza, Deputy Minister of Ministry of Islamic Affairs and Islamic Finance Consultant of CMDA was the Chairperson of the Conference.

Ms. Azleema Ahmed, Director General of Market Development and Investor Education Department of the CMDA also participated as a panelist in the conference to deliberate on 'Developing capital markets and innovations in product development',

Additionally Dr. Mohamed Iyaz, member of the Capital Market Shari'ah Advisory Council, and Four members from the CMDA management also attended at the conference.



Important Meetings

- ⇒ Meeting with the statistics department of MMA regarding the financial literacy survey.
- ⇒ Meeting with Villa College to discuss the ways in which authority can include capital markets, Pension, Governance and Islamic Capital Market Related topics in their research areas, and decided to enter into MoU.
- ⇒ Meeting with the Maldives National University to discuss the ways in which authority can include capital markets, Pension, governance and Islamic Capital Market related topics in your research areas.
- ⇒ Attended to a meeting held on 22 September 2014 about SEZ act at the Ministry of Economic Development.
- ⇒ A Meeting was held with the World Bank Mission on 28th September 2014. The objective of this meeting was to present status and updates on the progress of PSAP (Pension & Social Administration Project) CMDA components.

Upcoming Events

IRTI Training

The CMDA entered into a MoU with the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB) group, for the purpose of conducting an international Training Course on Islamic Capital Market in the Maldives.

In addition to local participants, international participants from Afghanistan, Albania, Bangladesh, Brunei Darussalam, Indonesia, Iran, Malaysia, Pakistan and Turkey are expected to participate in this 5 day training program. The program is scheduled to be held from the 30th of November 2014 to 04th December 2014 in Maldives.

MIFP—Jan intake

Application Deadline: 25th November 2014 at 14:00pm

Application Submission to: College of Islamic Studies, Violet Magu, Male', Maldives (9.00 am to 2.00 pm on Working Days)

Course Campus: College of Islamic Studies, Violet Magu, Male', Maldives

Medium of Instruction: English



All queries with regard to the content of this report should be addressed to the Research & Publication Section (RPS) of the CMDA via email to mail@cmda.gov.mv or contact the Information Officer on (960) 3014114 . While reasonable care has been taken to prepare the bulletin, CMDA accepts no responsibility or liability whatsoever, resulting from the use of information herein.