

Presentation by the Maldives

OUTLINE

- History of Capital Market Development
- Regulatory framework
- Maldives Stock Exchange
- Issues & challenges

HISTORY

- History of “**public companies**” dates 50 years
- Period of absence of public companies
- 1980, first public company issued shares to the general public
- 1992, a second public company issued shares to the general public

HISTORY...

- 1995, The Companies Act was promulgated
- 1995, to develop a capital market & a Stock Exchange, the Capital Market Division (CMD) was formed within the Maldives Monetary Authority
- 1996, a high level ministerial committee was appointed as the Capital Market Advisory Committee

HISTORY...

- 2001, a third public company issued shares to the general public
- 2001, The Investor Education and Market Awareness program launched
- 2001, training program for proposed Dealers for the Maldives Stock Exchange was conducted

HISTORY...

- 2002, a fourth public company was registered
- 2002, the foundation of the Stock Exchange was laid in the name of 'Securities Trading Floor'

HISTORY...

- 2004, The Maldives Securities Depository was established
- 2005, The Stock Exchange Listing Rules adopted
- 2005, MASIX index launched
- 2006-2008 the Interim Securities Trading facilities operated by the CMDA

THE REGULATORY FRAME WORK

- Companies Act
- Rules made under the Companies Act
- Maldives Securities Act 2006
- Rules made under the Maldives Securities Act

INSTITUTIONAL FRAME WORK

1. Capital Market Development Authority
(Market Regulator)
2. Maldives Stock Exchange
3. Maldives Securities Depository

CAPITAL MARKET DEVELOPMENT AUTHORITY (REGULATOR)

- Authority established under the Maldives Securities Act as an autonomous statutory entity
- Securities Market Regulator
- Law imposes developmental role on the Authority in addition to the regulatory functions

REGULATORY ROLE

- Market surveillance
- Licensing of Market intermediaries
- Investor Education & Market Awareness

Developmental Role

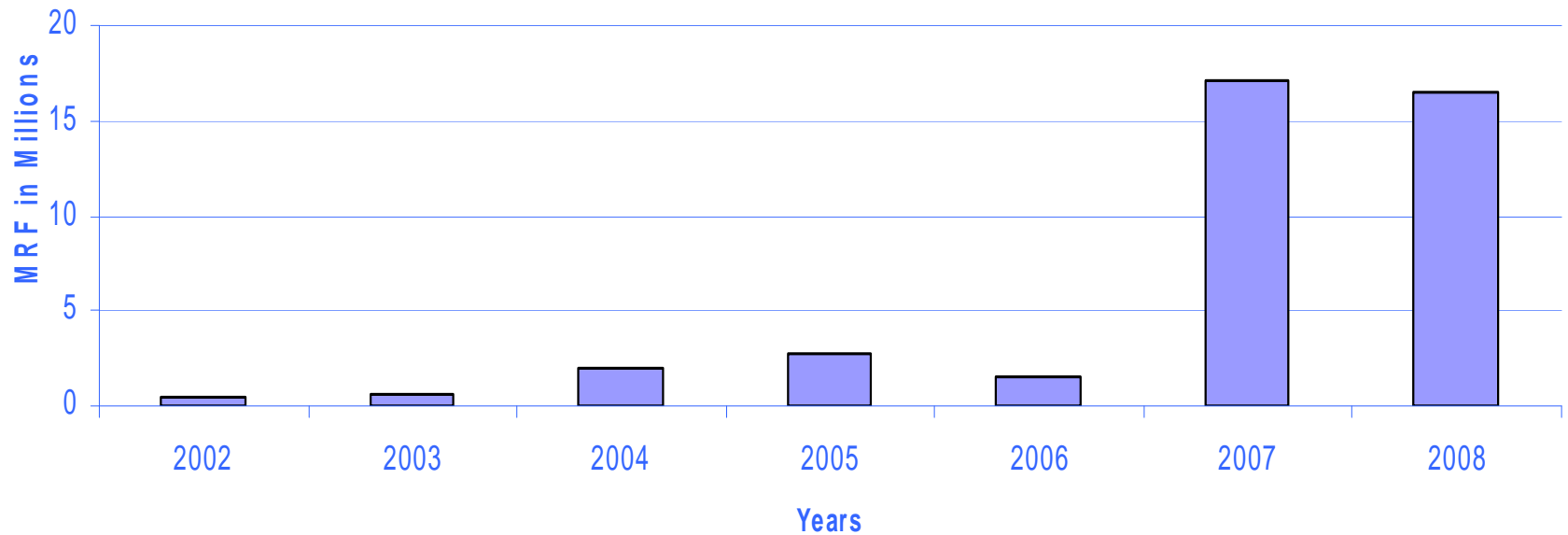
- Operated the Interim facilities for two years
- Collaborates with concerned government Authorities to develop and increase capital market activities

MALDIVES STOCK EXCHANGE

- Private sector Stock Exchange, 'Maldives Stock Exchange' licensed in January 2008
- Transferred interim securities Trading Facility to the Maldives Stock Exchange on the same date
- 5 companies listed

Trading Statistics

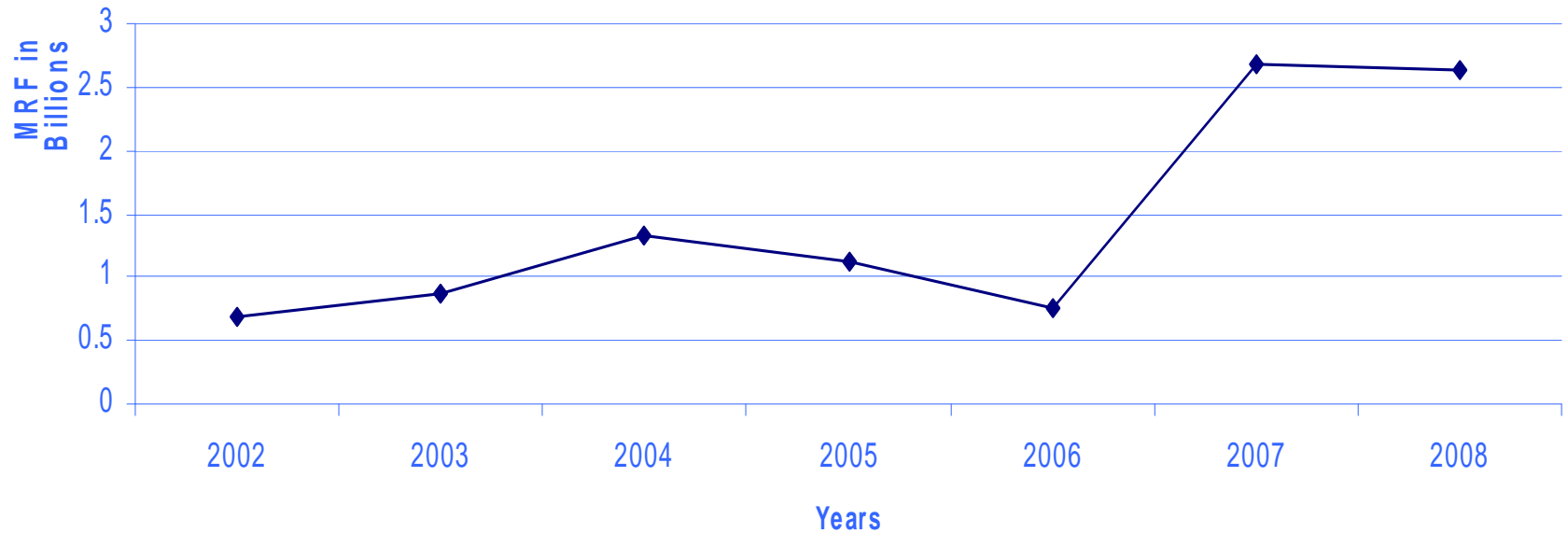
Turnover (2002 - 15 Apr 2008)



Source: Maldive Stock Exchange Company Pvt. Ltd.

Market Capitalization

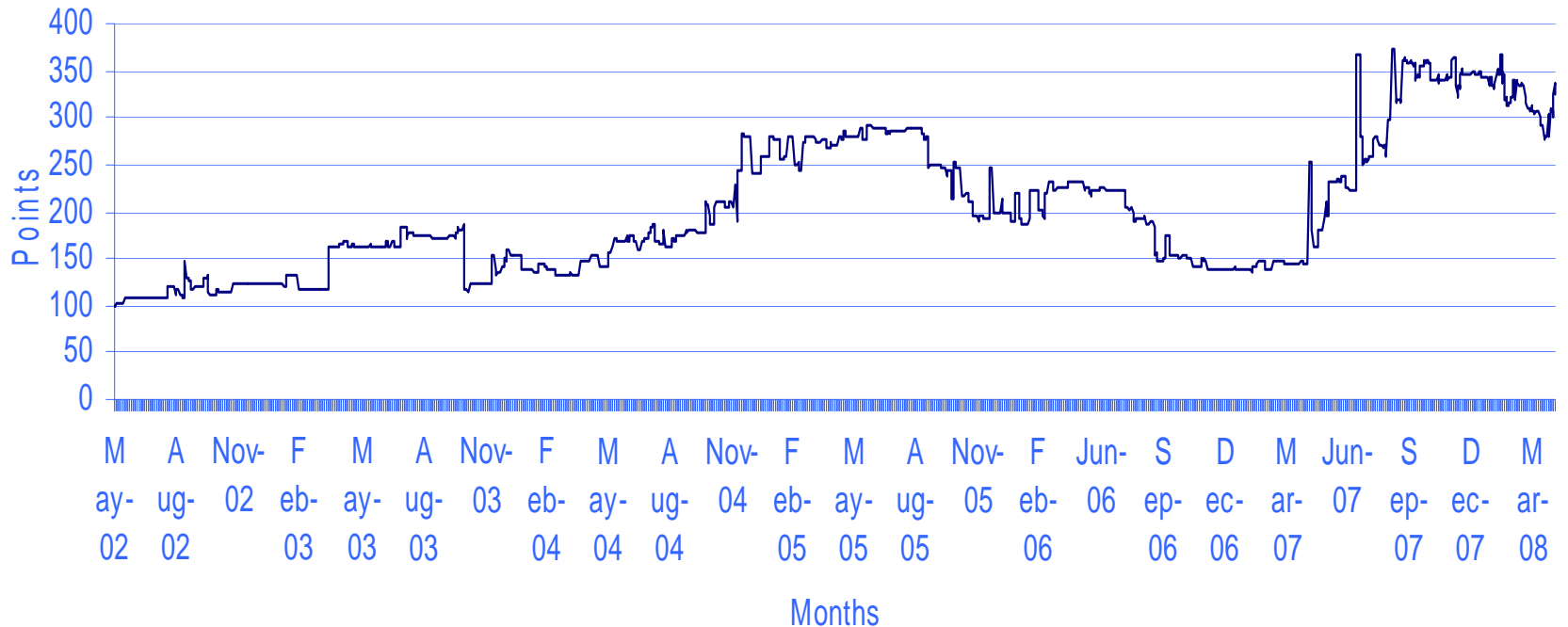
Market Capitalization
(2002 - 2008)



Source: Maldives Stock Exchange Company Pvt. Ltd.

STOCK EXCHANGE INDEX

MASIX Movements (May 02 - March 08)



Source: Maldives Stock Exchange Company Pvt. Ltd.

MALDIVES SECURITIES DEPOSITORY

- The Stock Exchange Company established the Maldives Securities Depository company which was licensed to operate the 'Maldives Securities Depository' in January 2008
- The Maldives Securities Depository function undertaken by the CMDA was transferred to the 'Maldives Securities Depository' on the same date

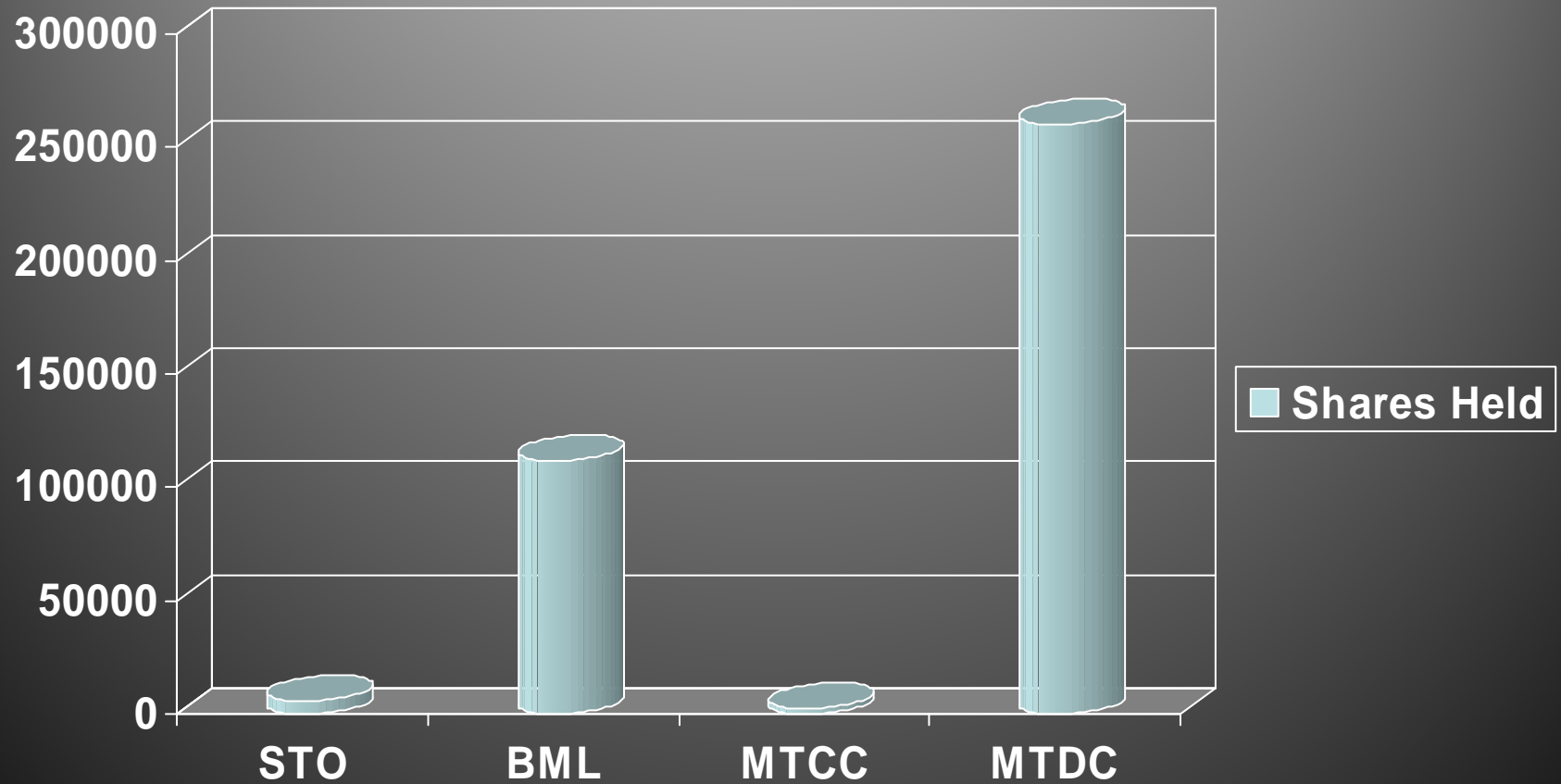
CONTINUE...

- Fully computerized system
- Facilitate scrip less trading
- Safe custody of certificates
- Deposit, withdrawal, transfer of shares
- fees charged for use of depository services by the Maldives Securities Depository

General Highlights of MSD as at 13.04.2008

Total Registration	6547
Shares Held	378,961
Deposits (shares)	380,679
IA Transfers (shares)	1,932
Withdrawals (shares)	1,718
Withdrawals (%)	0.45

Shares Held in MSD as at 13.04.2008



KEY ISSUES & CHALLENGES

- Market reforms
 - Speed-up the development of Capital Market to keep pace with other sectors of the economy
 - Strengthening the legal and regulatory framework
- Market education & awareness
- Market liquidity
 - Privatization of state owned enterprises.
 - Listing of private sector companies on the exchange

KEY ISSUES & CHALLENGES...

- Foreign participation in the Maldives Capital Market
- Create a conducive environment for institutional investors
- Illiquid secondary market
- Facilitate cross listing

OPPORTUNITIES

- Recognition of importance of Capital Market Development
- Increase in educated population
- Investment demand is increasing
- Economy is growing – possibilities for investors to share the benefits of fast economic growth
- Capital inflow
- Infrastructure Development – financing requirement for infrastructure development
- Privatization