

18. (a) The Stock Exchange Company shall establish and maintain an investor compensation fund by a date specified by the Authority.
- (b) The Stock Exchange Company shall keep proper accounts and records of the investor compensation fund and shall in every financial year prepare a statement of accounts showing the movement and financial position of the fund in its annual report.
- (i) The compensation fund shall be prudently managed by the Stock Exchange Company as a separate fund and shall be disclosed as such in the Stock Exchange Company annual balance sheet.
 - (ii) The accounts shall include the income and all sources of contribution to and expenditure from the investor compensation fund.
 - (iii) The accounts and records shall be audited by the auditor appointed in compliance with this Regulation.
 - (iv) Any proposed payment from the compensation fund by the Stock Exchange Company shall be reported to the Authority before such payment is effected.

Amendments

19. (a) The Authority has the power to make modifications and amendments to the regulations governing the Stock Exchange as may be necessary for the smooth operations of the Stock Exchange and the securities market. Amendments to this regulation can be brought by the Board of Directors of the Authority.
- (b) The Board of the Authority retains the right to waive any one or more of the provisions under this Regulation, where it is reasonable to do so in the interest of the public.

SCHEDULE 1

FORM: 1

**APPLICATION FOR THE LICENSE
TO ESTABLISH A STOCK EXCHANGE COMPANY**

1. **General Information:**

a. Name of Applicant Company:

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b. Registered office:

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- c. Date of incorporation
- d. Full address and telephone number of the principal place at which the business of the Applicant is to be carried on: (The Stock Exchange Company should be located in a place with good access to the public)

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2. **Financial, technical and other aspects to be considered by the proposed company**
(Please include details and attach plans where necessary)

- a. Proposed authorized and paid up capital of the Company that wishes to obtain the license(Refer to capital structure requirements)
- b. Proposed shareholders and their financial commitment in the capital of the proposed Company
- c. Draft business plan for five years (Describe in detail the organisational structure and internal control procedures and include draft rules of the proposed Company)
- d. Estimated fee and revenue structure for the services to be rendered by the proposed Company
- e. Strategic marketing plan for the growth of the business of the Company
- f. Proposed Board & governance structure (which must be in accordance with the Code of Corporate Governance of CMDA)
- g. Key management team along with their qualification and experience
- h. The draft Memorandum and Articles of Association (This must be in a form satisfactory to the CMDA)
- i. IT deployment plan
- j. Plan for handling investors grievances
- k. Proposed insurance/guarantee measures for handling members' defaults
- l. Rules required under section 24 of the Securities Act.

3. **Financial, technical and other aspects to be considered in relation to providing clearing, settlement & Depository services for the Stock Exchange Company**
(Please include details and attach plans where necessary)

- a. Proposed authorized and paid up capital of the proposed Central Depository Company (The company should have adequate capital to run the operations)

- b. Proposed shareholders and their financial commitment in the capital of the proposed Central Depository Company
 - c. Draft business plan for the proposed Central Depository Company for five years.
 - Detailed organisational structure and internal control procedures
 - Estimated fee and revenue structure for the services
 - Strategic marketing plan for the growth of the business
 - d. Proposed Board & governance structure
 - e. Key management team along with their qualifications and experience
 - f. Outline of the draft Memorandum and Articles of Association (which shall be in the form as directed and approved by the CMDA)
 - g. IT deployment plan and Systems.
4. The details of shareholders of the Applicant, including the name address, amount of shares being held and date of acquisition. *(Please attach a list)*

Name	Address	Number of shares	Date of acquisition of shares

5. Details of each Director, Company Secretary, chief executive officer and other key personnel of the Company:

Name:

ID card number

Residential Address:

Date of Birth:

Date of appointment:

Office held:

Educational qualifications:

6. Name and address of each person who, directly or indirectly, exercises or has power to exercise a controlling influence over the management and policies of the Applicant other than those shown as Directors:

Full Name	Address

7. Is any Director or Secretary of the Applicant a Director of any other corporation?

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If the answer is “YES” give details of:

Name(s) of Company	Place of Incorporation	Office held	Date of appointment

8. Has the Applicant or any Director or Secretary of the Applicant within the past 10 years:-

(a) been licensed or registered in any place under any law which requires licensing or registration in relation to dealing in securities? If answer is “YES” give details thereof:

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(b) been licensed, registered or otherwise authorised by law to carry on any trade, business or profession in any place? If answer is “YES” give details thereof:

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(c) been refused the right or restricted in its or his right to carry on any trade, business or profession for which a specific license, registration or other authority is required by law in any place? If answer is “YES” give details thereof:

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(d) been suspended from membership of any securities Exchange or otherwise disciplined by a securities Exchange? If answer is “YES” give details thereof:

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- (e) been refused membership of any Stock Exchange Company? If answer is “YES” give details thereof:

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9. Has any Director or Secretary of the Applicant within the past 10 years:-

- (a) been known by any name other than the name or names shown in this application? If answer is “YES” give details thereof:

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- (b) been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction? If answer is “YES” give details thereof:

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- (c) had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Maldives or elsewhere? If answer is “YES” give details thereof:

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- (d) been declared bankrupt or compounded with or made an arrangement for the benefit of his creditors, in Maldives or elsewhere? If answer is “YES” give details thereof:

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(e) been engaged in the management of any corporation other than those referred to in answer to question 7? If answer is "YES" give details thereof:

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(f) been refused as a Director, or been Director of a Company that has gone into receivership or liquidation, in Maldives or elsewhere? If answer is "YES" give details thereof:

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10. Has any Director or management staff of the Applicant had any experience in performing the functions in this area? If answer is "YES" give details thereof:

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11. In relation to each Director and Secretary of the Applicant set out below details of the officer's employment and business activities, during the previous 5 years:

Name of Director or Secretary	Name and address of employer (if self-employed, so state)	Nature of business or activity	Description of duties in relation to the employment	Period of employment or activity (give exact dates)

12. Include certified copies of any formal qualifications or training of the Directors or Secretary of the Applicant.

13. Set out below details of two persons with whom each Director and the Secretary of the Applicant has had regular contact over the past 5 years and of whom the Authority may enquire regarding the character and reputation of the respective Director or Secretary.

Name of Director or Secretary in respect of whom enquiries may be made	Name of character referee	Occupation of character referee	Address of character referee

Note:

(1) Set out any additional information that the Applicant deemed as important for the purpose of this application

- If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.

(2) Please attach the following with the application

- Copy of the Registration Certificates under the Companies Act for the Applicant
- Draft Memorandum and Articles of Association of the proposed Stock Exchange Company
- Draft Memorandum and Articles of Association of the proposed Depository Company
- Rules of the proposed Stock Exchange Company
- Business Plan & Marketing Plan of the proposed Stock Exchange Company and the Depository Company
- Profile of the Chief Executive Officer and other key employees of the proposed Stock Exchange Company and the Depository Company.
- Last audited balance-sheet and profit and loss statement (these statements should be certified by Auditors approved by the Auditor General)
- Completed Clearance form (Appendix:1)
- Certified copies of any formal qualifications or training of the Directors and Secretary of the Applicant
- Application Processing Fees Rf.3000 (Rufiyaa Three thousand only - non-refundable)
- Any other information or documents required by CMDA.

Note: *The Application package contains 16 pages including 3 Appendices as follows;*

Appendix 1: *Clearance form from the courts*

Appendix 2: *Proposed rules/regulations governing the conduct of Maldives Stock Exchange Company*

Appendix 3: *Proposed rules/regulations governing conduct of Central Depository*

Undertaking for compliance with the Securities Laws Rules/Regulations

All Applicants shall be required to furnish an express undertaking to CMDA confirming that the Applicant understands and acknowledges that the license (right) to establish and operate a Stock

Exchange Company in the Maldives shall be subject to their continued compliance with the Securities Laws and other Rules/ Regulations of CMDA, and that the Applicant also acknowledges that such a license (right) could be suspended, or withdrawn by CMDA in case of breach of any of the present or future provisions of these regulatory requirements.

Declaration:

We have read and understood the Maldives Securities Act and the regulation made under the Act, and we are aware of the provisions of the section 32 of the Maldives Securities Act relating to false statements in application.

Number	Name of Director / Company Secretary	Signature	Date