



**Share Market at a Glance**

Exchange Members	4
Equity listings	4
Total Turnover (Rf ml)	7.4
Market Cap (Rf ml)	821
No. of Securities Accounts	2117

**Stock Market Monthly Report**

**January 2007**

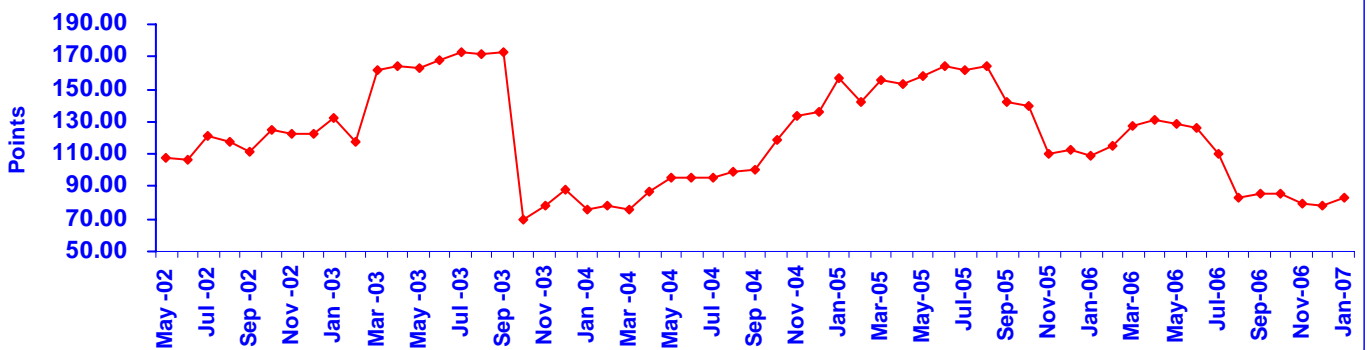
**Market Review (January 2007)**

The overall trading performance of the STF improved in comparison to the previous month. The trading turnover for the month indicated an increase of around 10 percent compared to the last month's trading turnover of Rf47,420. The trading turnover for the month was recorded Rf52,310 registering an average daily trading turnover of Rf2,491. The volume traded also increased to 90 shares from 37 shares of the last month. A breakdown of this showed that MTCC holds 84 percent of the shares traded while BML holds 16 percent. Furthermore, 5 trades of MTCC and 4 trades of BML were executed through the STF.

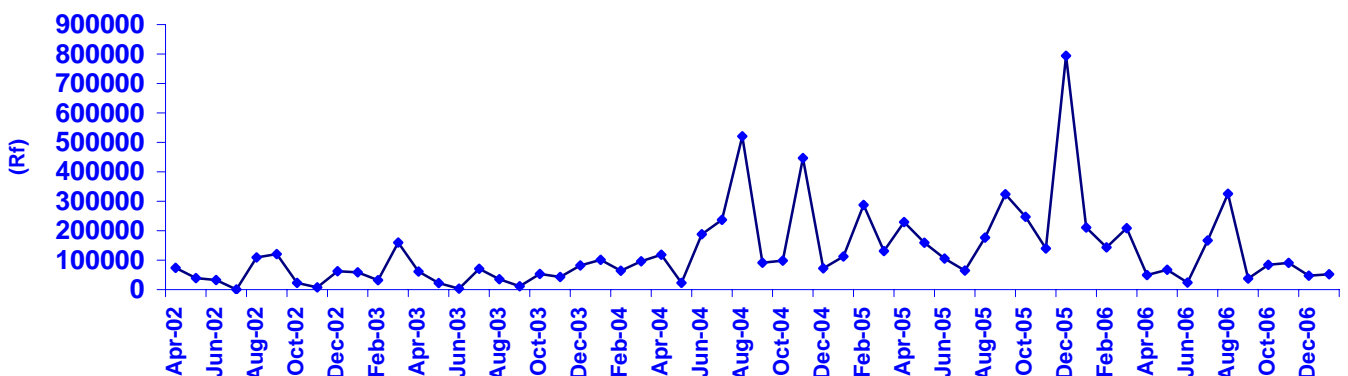
The stock market index MASIX closed at value 83.47 by appreciation 5.47 points compared to the previous month's value of 78.00. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,439,654. Moreover, market capitalization also increased to Rf820,511,300 by recording an increase of around 7 percent compared to the preceding month's figure.

**Statistics**

**MASIX Movements**



**Trading Turnover**



**News**

A function was held on 26<sup>th</sup> February 2007 at CMDA to celebrate its 1<sup>st</sup> Anniversary. At the function the 'Most Popular Employee of the Year 2006' award was given to Mr. Ismail Abdul Razzaq and Mr. Mohamed Nizal Ibrahim. At the same function, the 'CMDA Scholarship for the Year 2006' was awarded to Ms. Zihuna Naseer.

## **Duties of the Board of Directors**

Every company must be headed by an effective Board of Directors which is accountable to the shareholders and to other stakeholders including the creditors and employees of the company. The Board's role is to provide entrepreneurial leadership, set strategic aims, provide direction to the management and ensures that the necessary financial and human resources are in place for the company to meet its objectives.

The size of the Board should be large enough to include directors with diverse expertise and experience to suit the specific requirements of a company and its business. As a guide, the international benchmark on Board sizes range from 7-10 directors, depending on the size of the company.

The following include the duties of the Board as identified by the CMDA Code of Corporate Governance.

- Serve the legitimate interests of the shareholders.
- Ensure that the company complies with all relevant laws and regulations, including the Code of Corporate Governance, and other codes of best business practice.
- Ensure that technology and information systems used in the company are sufficient to operate the company effectively with strong internal control systems and maintain competitiveness.
- Establish commercial and financial policies and ensure the major investments needed to achieve the company's objects and increase the value of shareholders' equity.
- Adopt internal procedures and regulations for the conduct of the company's affairs.
- Determine the Management's powers and responsibilities and monitor their performance.
- Adopt a disclosure policy for the company and the Board, and ensure its follow-up and implementation as required by law.
- Review the company's performance.
- Form committees as required, provided that any sub-committee formed has clearly defined tasks, rights, and obligations.
- Evaluate the performance and work of the Board and its committees.
- Appoint the CEO and key employees of the company.
- Seek to upgrade the level of proficiency and skills of the Board members through inductions and regular formal training.
- Adopt the annual and interim financial statements, recognizing that the final responsibility for the preparation of proper accounts is not able to be delegated and lies with the Board and not with the external auditors.
- Ensure that the annual report submitted by the Board of Directors contains a statement confirming that the company is able to carry on its activities, implement its proposed plans and achieve its forecast results.



Stock Market Monthly Report

February 2007

**Market Review (February 2007)**

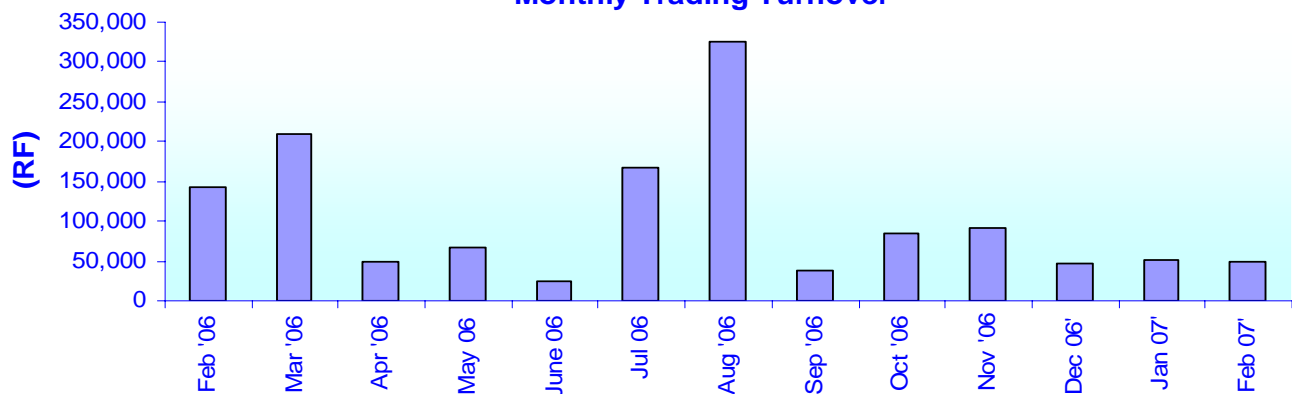
The trading activities of the STF fell by around 6 percent compared to the previous month. The trading turnover for the month was recorded at Rf49,340 and the average daily trading turnover stood at Rf2,597. Meanwhile, the number of shares transacted through the STF also decreased to 32 shares from 90 shares recorded in the previous month.

Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,488,994 while the market capitalization as at the end of the month was recorded at Rf814,425,300. The stock market Index, MASIX closed at value 82.85.

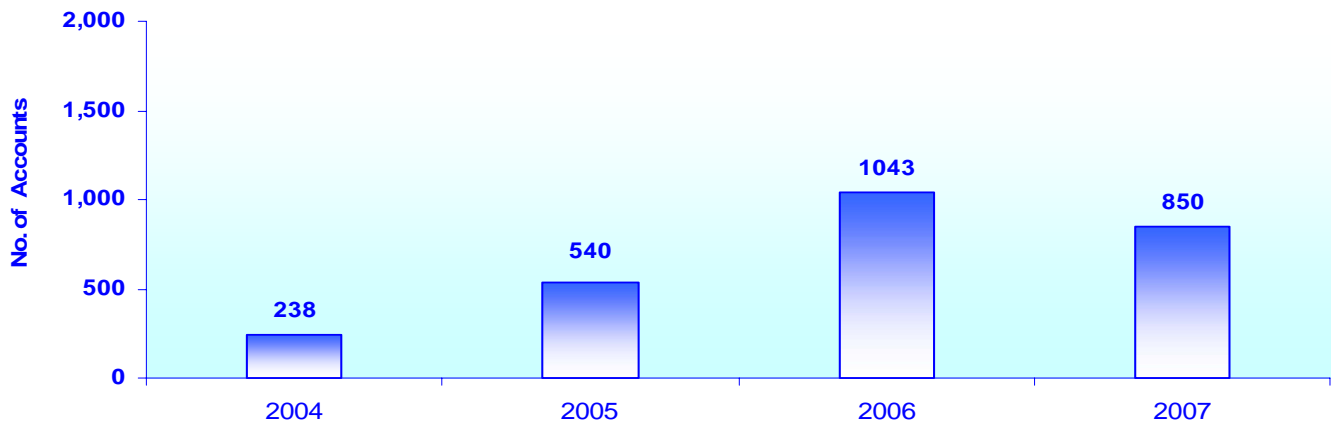
Although the trading activities have slowed down, the interest of the investors to participate in the market is positive as the number of accounts opened in the Depository increased from 296 in January to 554 accounts in the month under review. The total number of accounts in the depository as at the end of the month stood at 2671.

**Statistics**

**Monthly Trading Turnover**



**MSD Accounts from (14.04.04 -28.02.07)**



**News**

The first buy order for the Maldives Tourism Development Corporation (MTDC) shares was quoted at Rf95 per share. The order was placed by the Stock Brokers Maldives Pvt. Ltd. The secondary trading of the MTDC shares is expected to increase as more investors receive their share certificates from the company.

## Trading Shares on the Secondary Market

Securities Trading Floor (STF) or the secondary market is the market to buy and sell shares bought from the primary market. The trading sessions takes place at the STF on every business day except public holidays from 9 am - 12 pm.

The following information provides a guideline for trading shares at the STF.

### **1. Open an Account with the MSD**

Investors should open an account to register with the Maldives Securities Depository (MSD) and deposit their shares in order to trade shares at the STF. Unless the shares are immobilized in the Depository no trading can take place.

### **2. Register with a Dealing Company**

To trade shares, investors should contact a licensed broker representing a Dealing Company. Investors are required to register with a broker by completing a 'Know Your Client' (KYC) form. KYC form is private and confidential and normally requires investors to provide important information such as personal data, investment time horizon and investment objectives.

### **3. Order Placement**

Dealing Companies will give guidance to the investors to select the securities to buy and sell. Stock Brokers Maldives Pvt. Ltd., Island Securities & Brokerage Pvt. Ltd., First Option Pvt. Ltd. and Aariya Securities Pvt. Ltd. are the Dealing Companies participating in the trading sessions. These companies may impose a brokerage fee within the maximum band set by the CMDA as stated below.

Transaction value (RF)	Maximum (%)
Rf50,000 and below	3% (1.5% from Seller & 1.5% from Buyer)
Rf50,000 - Rf.100,000	2%(1% from Seller & 1% from Buyer)
Rf100,000 and above	1%(0.5% from Seller & 0.5% from Buyer)

CMDA charges a transaction processing fee of 0.5% from both the Buyer and the Seller. This fee will be initially collected by the Dealing Company, together with the Brokerage fee.

### **4. Record of Clients Orders**

Dealing Companies must record their clients' orders immediately after receiving them. Details of orders include order number, security name, client account number, quantity, date and exact time that the orders are received.

### **5. Order Matching**

Upon receipt of orders from the Dealing Company, the orders are matched based on price and time priority at the STF. As the orders are matched, the respective brokers will be informed.

### **6. Payment Guarantee**

The buying broker guarantees the payment, and the trades are executed as the orders are matched.

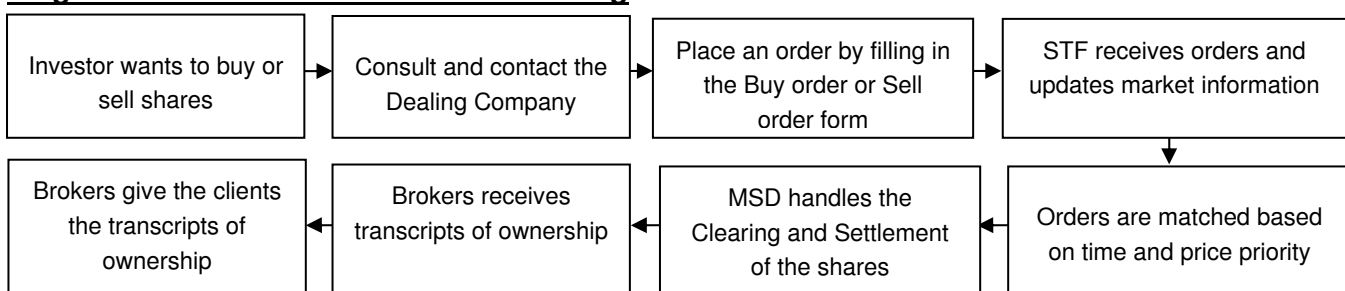
### **7. Trade Settlement**

Settlement of trades is completed through the clearing bank, the Bank of Maldives. All trades are settled within 2 days following the transaction date (T+2).

### **8. Transfer of Ownership**

Following the confirmation from the clearing bank, the ownership of the shares is changed at MSD. The MSD system will generate sold notes and bought notes that will be made available to the Dealing Company. Investors may collect these contract notes from the Dealing Companies as evidence of trade.

### **Diagrammatic Presentation of Share Trading**





Stock Market Monthly Report

March 2007

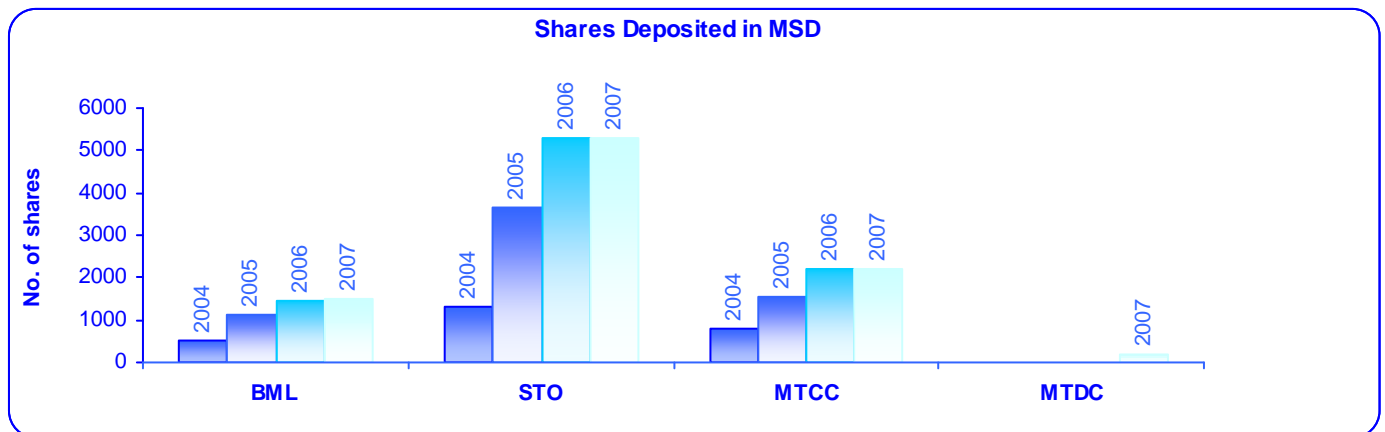
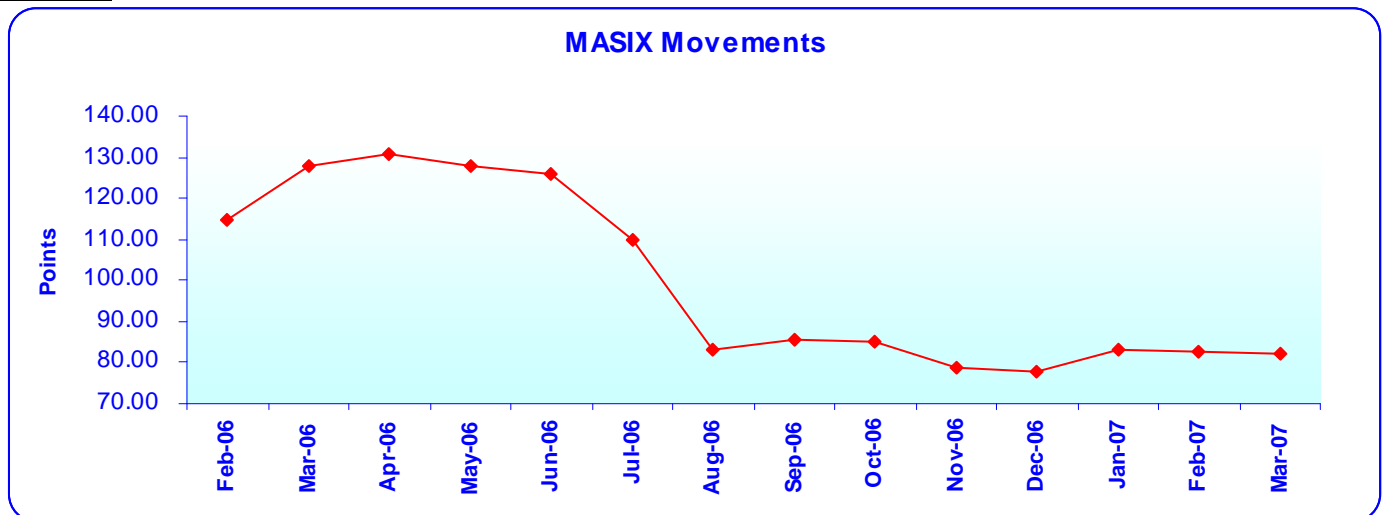
**Market Review (March 2007)**

The trading activities of the STF fell by around 49 percent compared to the previous month. The trading turnover for the month was recorded at Rf25100. The period under review also registered a daily trading turnover of Rf1321. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,514,094 while the market capitalization as at the end of the month was recorded at Rf820,511,300. The stock market Index, MASIX closed at 83.47 points.

Despite the lower trading volume experienced in the month, the interest of the investors to participate in the market is positive as the number of accounts opened in the Depository increased to 610 from 554 accounts in the month under review. The total number of accounts in the depository as at the end of the month stood at 3281 while the total number of shares deposited in the MSD stands at 9182 shares.

Stock Brokers Maldives PVT Ltd. (SBM) is noted as the most active Dealing Company so far since most of the orders are placed on the STF by the company. With the issuance of the MTDC shares, SBM believes that the trading activities will increase during the next month.

**Statistics**



**CMDA News**

Effective from 27<sup>th</sup> March 2007, approval for private share transfers will be given in instances where the transfer is among the immediate family members. For the purpose of this directive, immediate family is defined as spouse, parent, child, grandparent, grand child brothers and sisters. This directive was issued pursuant to clause 3.4 of the Listing Rules (2006).

**Signing of MoU with MTDC**

CMDA signed an agreement with the Maldives Tourism Development Corporation on 29<sup>th</sup> March 2007 to facilitate scripless trading of MTDC shares. As at today, 2800 accounts of MTDC shareholders are opened in the Maldives Securities Depository.

## SAFE- EXPANDING MEMBERSHIP AND MARKET INTEGRATION

South Asian Federation of Exchanges (SAFE) is a forum launched by bourses in South Asia to promote the development of securities markets in the region. The inception of SAFE marks an important milestone in the march of South Asian capital markets towards regional and global integration. To facilitate the process of integration, the charter of SAFE is now amended to allow Securities Depositories, Clearing Companies and Commodity Exchanges of the South Asian Region to become a part of SAFE.

The members of SAFE have agreed to work towards common standards including international accounting standards and best business practices in capital markets. SAFE will represent its members in related international forums, encourage cross-border listing, co-operate in human resource development, facilitate technology transfer among members and address other issues of common interest. Currently, the Islamabad Stock Exchange (Pakistan) holds the SAFE secretariat.

Among the 18 members of SAFE, the primary members are Chittagong Stock Exchange; Colombo Stock Exchange; Karachi Stock Exchange; Islamabad Stock Exchange; National Stock Exchange of India; Nepal Stock Exchange; Stock Exchange of Mauritius; Lahore Stock Exchange; Royal Securities Exchange of Bhutan; Bombay Stock Exchange; Dhaka Stock Exchange and the Maldives Stock Exchange (Securities Trading Floor). The Securities Depositories, Clearing Companies and Commodity Exchanges of the South Asian Region are given the status of associate members.

### *Key Statistics of Selected Primary Members of SAFE.*

Country	Stock Exchange	Year Opened	Listed Stocks	Market Cap. US\$ ml	GDP (Est.) US\$ ml	Population. (Est.)Thous.
<i>Maldives</i>	<i>Maldives Stock Exchange</i>	<i>2002</i>	<i>3</i>	<i>86</i>	<i>817</i>	<i>329</i>
<i>Bangladesh</i>	<i>Chittagong Stock Exchange</i>	<i>1995</i>	<i>210</i>	<i>3225</i>	<i>59,958</i>	<i>141822</i>
<i>Bhutan</i>	<i>Royal Securities Exchange</i>	<i>1993</i>	<i>15</i>	<i>0.16</i>	<i>840</i>	<i>918</i>
<i>Nepal</i>	<i>Nepal Stock Exchange</i>	<i>1993</i>	<i>125</i>	<i>61365</i>	<i>7346</i>	<i>27133</i>
<i>Mauritius</i>	<i>Stock Exchange of Mauritius</i>	<i>1989</i>	<i>41</i>	<i>2646</i>	<i>6447</i>	<i>1248</i>
<i>Sri Lanka</i>	<i>Colombo Stock Exchange</i>	<i>1985</i>	<i>239</i>	<i>5811</i>	<i>23479</i>	<i>19582</i>
<i>Pakistan</i>	<i>Karachi Stock Exchange</i>	<i>1947</i>	<i>661</i>	<i>45929</i>	<i>110732</i>	<i>155772</i>
<i>India</i>	<i>National Stock Exchange</i>	<i>1993</i>	<i>1069</i>	<i>625156</i>	<i>785468</i>	<i>1094583</i>

Source: [www.safe-asia.org](http://www.safe-asia.org) (statistics as at Dec 2005); World Development Indicator Database, World Bank (Population & GDP 2005 ); and STF Statistics

Integration of the capital markets in South Asia will be a major challenge as SAFE member exchanges vary greatly in terms of size and development of the market infrastructure. The disparity between giant exchanges such as the National Stock Exchange of India with over 1000 listed companies and market capitalization of over 625 billion dollars to the Maldives Stock Exchange with only 4 listed companies and a market capitalization of only 86 million dollars is substantial. Moreover, dealing with the differing regulatory regimes of SAFE members will also be a hurdle that SAFE will have to address in its quest for market integration.

In line with the SAFE's objective of strengthening the member exchanges' regulatory and supervisory environment, SAFE offers numerous services to its members. The most important services offered as such include expert advice to the member exchanges in their own and integrated development in the light of international best practices. Furthermore, SAFE also acts as a catalyst for the introduction of standardized procedures for the expansion of capital markets and cooperates to develop member exchange's human resources.

As stated in the joint declaration issued at Islamabad, SAFE members are determined to harness resources and share experiences of each other with the objectivity and optimism for creating a conducive climate for investment towards the growth of the securities markets of the region. In this regard, launching of the 'South Asian Index' is an important initiative that SAFE is currently undertaking. The South Asian Index is proposed to be launched in partnership with Dow Jones Indexes Inc New York, a leading global full-service index provider that develops, maintains and licenses indexes for use as benchmarks and as the basis of investment products. All primary members of SAFE including the smallest exchanges are required to sign MoU with SAFE to facilitate the process.

The imperatives of globalization necessitate increasing interdependence among nations in terms of business, politics and cross-cultural activities. Consequently, capital markets in South Asia, including the Maldives market can no longer afford to remain insulated from other markets or from the rest of the world.

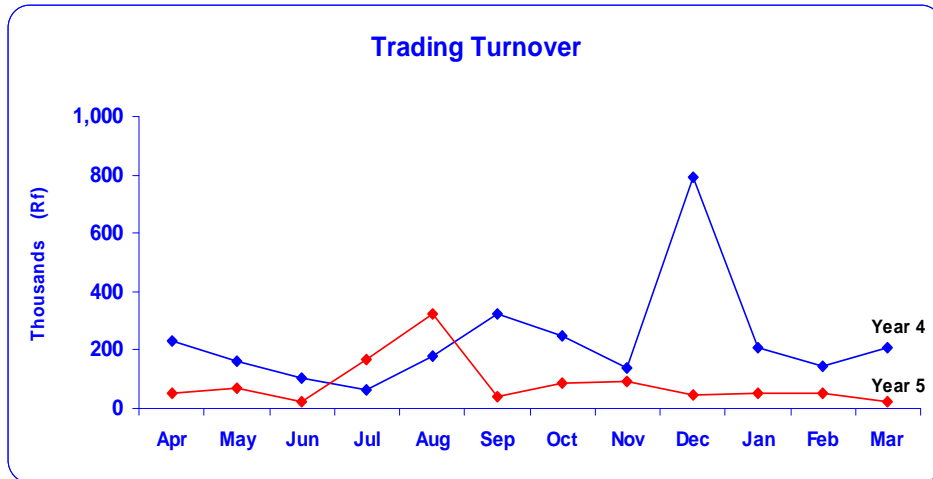


**Stock Market Monthly Report**

**April 2007**

**Market Review (5<sup>th</sup> Year of Operations)**

The month of April marks the 5<sup>th</sup> Anniversary of the Securities Trading Floor and the 3<sup>rd</sup> Anniversary of the Maldives Securities Depository. The STF looks back at the past 5 years with great satisfaction for having had the opportunity to operate the stock market in a successful manner.



From 14<sup>th</sup> April 06 to 13<sup>th</sup> April 07, a sum of 1,302 shares was traded from 139 trades, valued at Rf 1,046,794. The turnover reflected a decrease of around 62 percent in comparison to the same period of the previous year and the volume traded also showed a decrease of around 66 percent compared to the same period.

Although the trading activities slowed down temporarily after the introduction of the new trading system in November 2006, the interest of the investors to participate in the market remained

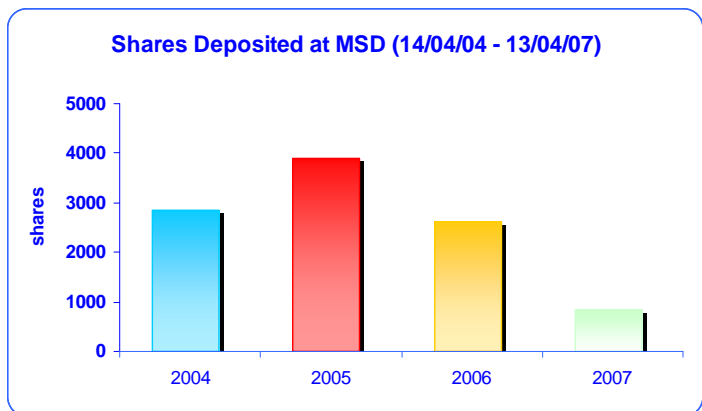
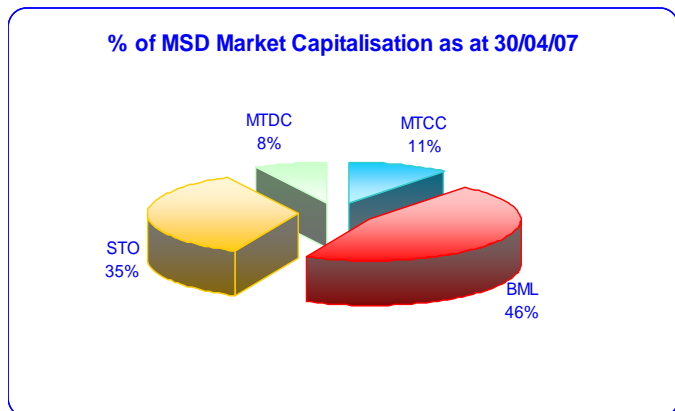
positive. This is reflected in the number of accounts opened at the MSD from 14<sup>th</sup> April 06 to 13<sup>th</sup> April 07. The number of accounts opened during the period jumped by 185 percent compared to the same period of the previous year and stands at 3,570 as at the end of April 2007.

**Market Review (April 2007)**

The performance of the stock market in April reflected that investor sentiments remained optimistic as the MTDC shares started trading at 3 times (Rf 400) more than the issued price. With the introduction of the MTDC to the trading list of the STF, the MASIX was revised to include over 2.6 million shares to the index. As at 30<sup>th</sup> April 2007, the MASIX closed at 72.09 points.

With the additional supply, the highest monthly trading turnover for the year was also recorded. The turnover for the period showed a massive increase of around 548 percent compared to the previous month. A turnover of Rf 162,640 was recorded by registering Rf 7,745 on a daily basis. The volume of shares traded also increased from 13 shares to 629 shares compared to the previous month. From the 629 shares traded, MTDC contributed 71.5 percent while MTCC and BML hold 27.7 percent and 0.8 percent respectively.

Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached to Rf 7,676,734 while the market capitalization as at the end of the month was recorded at Rf 1,341,693,350.



**CMDA News**

During the month under review, the plans to spin off the Securities Trading Floor and the Securities Depository from the Authority were announced. CMDA will invite applications from the public before 30<sup>th</sup> June 2007.

## **National Award for Excellence in Corporate Governance**

Companies listed on the Maldives Stock Exchange and other companies registered in the Maldives are eligible to apply for the Government of Maldives Award for Excellence in Corporate Governance starting from January 2008. The award for excellence in corporate governance was announced last month. The application forms and other relevant details relating to the award will be made available from CMDA starting from 30<sup>th</sup> June 2007.

The broad criteria for the annual award include the following;

- Work undertaken to adopt good corporate governance principles and practices.
- Contribution to significant development of corporate governance practices.
- Promotion of initiatives for the enhancement of future corporate governance practices.

*(Note: - The above criteria is not exhaustive. The CMDA reserves the right to alter the award criteria with prior notice)*

Companies applying for the award are required to abide by the Code of Corporate Governance of CMDA (Code) or adopt a governance structure within international best practices of good corporate governance.

### **Good Corporate Practices Promoted by the Code**

#### **Constitution of the Board**

- The Chairman and the Managing Director (CEO) should not be the same person.
- Relevant Board committees should be in accordance with the requirements of the Code.
- The Board should have a mix of appropriate directors in compliance with the Code.

#### **Board Appointment and Renewal**

- A well defined process for selection of executive and non-executive directors should be in place.
- A nominating committee that review and short list candidates for the Board should be appointed in compliance with the Code.
- A well defined process for election of directors at the Annual General Meetings should be in place.
- There should be a policy limiting the number of terms a director can serve on the Board.

#### **Operations of the Board**

- There should be a policy stating the minimum number of meetings of the Board to be held during the year.
- Attendance record of individual directors and records of every meeting should be maintained.
- All relevant information including production and sales plans, budgets, internal audit reports, disclosure of directors' shareholdings and director's interests in contracts should be accessible to the Board members.
- Agenda papers should be given to the directors with adequate notice.

#### **Remuneration and Performance Evaluation**

- An appropriate remuneration policy for directors and senior management should be in place.
- A performance evaluation process should be in place for the directors and the senior management.

#### **Audit Committee and Internal Controls**

- A duly constituted audit committee that has skills to understand financial and other technical matters should be appointed.
- The audit committee should have all the powers and authority as envisaged by the Code.
- A proper system of internal control should be maintained.

#### **Company Secretary**

- A qualified or duly experienced company secretary should be appointed.
- The company secretary should have access to Board meetings and all other committee meetings.
- Adequate record of all matters discussed at Board meetings should be kept.

#### **Timeliness and Content of Information to the Public**

- A mechanism should be in place to disclose material information that may have an impact on the share value in a timely manner.
- Annual General Meetings should be held at least within the first 5 months of the year.

#### **Training**

- Formalized training programmes should be in place for the Board of Directors.

#### **Information to be disclosed in the Annual Reports**

- Annual Reports should contain statements of how the Board operates, including statements of which types of decisions are to be taken by the Board and which are to be delegated to management.
- Steps that are taken to ensure that the members of the Board develop an understanding of the company.
- An explanation from the directors of their responsibility for preparing the accounts.
- A statement by the auditors about their reporting responsibilities.
- A statement from the directors that the business is a going concern.



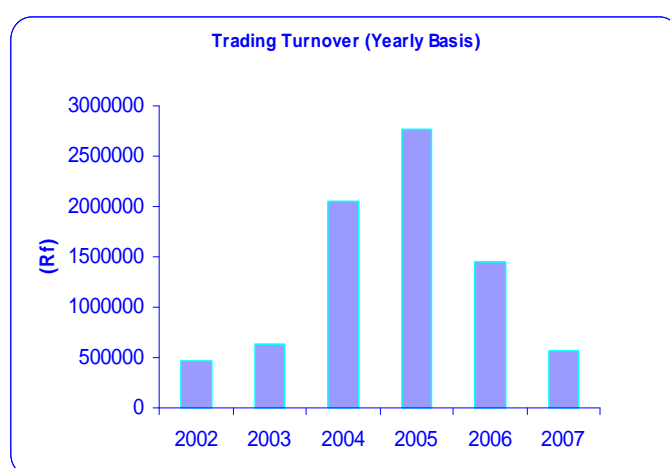
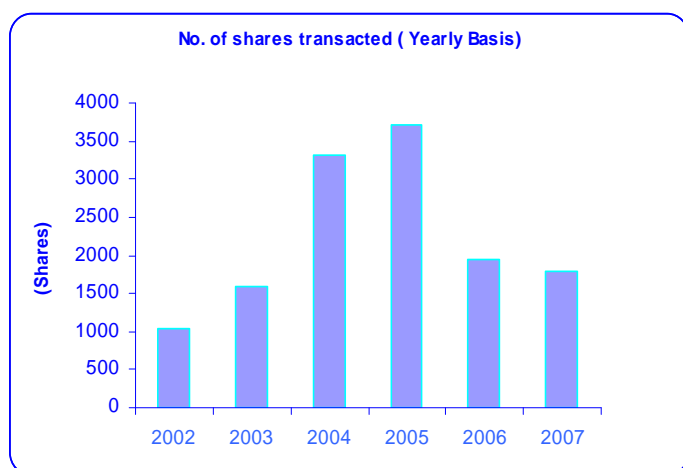
No. of inspections	11
No. of cancelled trades	1
No. of Financial Statements examined	7

### Market Review (May 2007)

In terms of trading turnover, the trading activities of the STF boosted by around 73 percent in comparison to the previous month's turnover of Rf162,640. The trading turnover for the month was recorded Rf281,255 with an average daily trading turnover of Rf12,228. Meanwhile, the volume of shares traded also increased to 1020 shares from 629 shares of the last month.

Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf7,957,989 while the market capitalization at the end of the month was recorded at Rf1,757,380,850. The stock market index, MASIX closed at 94.42 points appreciating by around 31 percent compared to the preceding month's figure.

### Market Statistics



### CMDA News:

- CMDA opened applications for licensing of new dealing companies on the 10<sup>th</sup> May 2007. Application will be closed on 28<sup>th</sup> June 2007. Currently 4 dealing companies are functioning in the stock market under license of the CMDA.
- A seminar was held on 8<sup>th</sup> May 2007 to sensitize stakeholders on issues pertaining to the spin-off of the Securities Trading Floor from CMDA.
- MTDC held its first Annual General Meeting (AGM) on 16<sup>th</sup> May 2007.
- BML held its 24<sup>th</sup> Annual General Meeting on 31<sup>st</sup> May 2007. BML declared a dividend of Rf150 per share for the year 2006 by registering an increase of around 50 percent compared to the previous year's dividend of Rf100.
- During the month "CMDA Essay Writing Competition 2007" targeted at the secondary and higher secondary Schools in Male' was announced. The competition will be held on the 30<sup>th</sup> June 2007. Attractive cash prizes and trophies will be awarded to the writers of the three best essays and certificates will be awarded to the three best schools.

## A functional Structure for a typical Stock Exchange

As the Maldives Stock Exchange is to be hived off from the CMDA during the next few months, it is appropriate to look into the functional structure of a typical Stock Exchange.

The Exchange will have a corporate structure. The Board of Directors, of the proposed company may consist of representatives of Dealing Companies, shareholders of listed companies, banks and financial institutions and public and private sector representatives.

The following operational structure is a potential guide and covers the main functions of a typical Stock Exchange.

### **Accounting and Finance**

The Accounting & Finance Department would be responsible for the general accounting and finance including salaries, paying bills, receiving fees that are charged from the brokers and listed companies plus the budgeting for the Exchange.

### **Information Technology and System Operations**

Information Technology and System Operations would be responsible for all the electronic systems and maintenance of the trading system.

### **Company Secretary**

The Company Secretary would be responsible for the minutes of Board meetings, the development of bye- laws and regulations and sending notices to members. Issues relating to the new member applications and admittance to the exchange would also be an integral part of the Company Secretary's work. The Company Secretary may also be responsible for public relations and the dissemination of market data and statistics.

### **Listing**

The Listing Department would be responsible for new listing applications and ensuring that the minimum requirements as set out in the listing rules and other regulations are met. The department may be responsible for ensuring that the continuing listing requirements are met. The department may also receive and review all financial information and any major business development of or change in capitalization of listed companies. The division may also maintain a file of all the information on the listed companies.

### **Member Regulations**

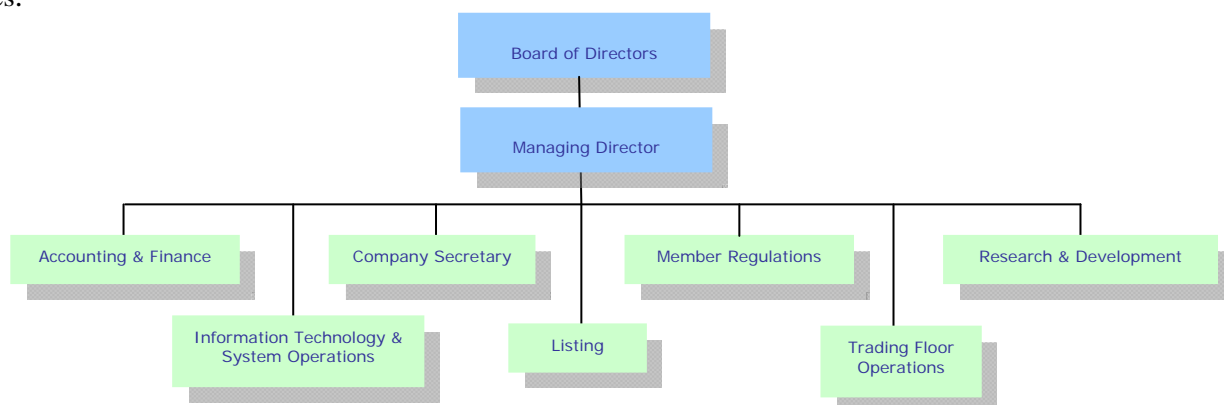
The Member Regulations Department would be responsible for examining the accounting and capital requirements of the member firms. The department would also further review the compliance of the brokerage firms to the trading rules and the client protection rules of the Exchange. The department would also be responsible for maintaining an overview of the clearing system and the Central Depository Company.

### **Trading Floor Operations**

This department would be responsible for the operations of the Trading Floor. The department may be responsible for receiving timely disclosure reporting from the listed companies. The department may also conduct trading reviews on a continuous basis to ensure that the market is not being manipulated and or operated in a fashion that will bring disrepute to the Exchange.

### **Research and Development**

The department would be responsible for the continuous development of the market and undertake market research activities.





**Share Market at a Glance**

Dealing Companies	4
Equity Listings	4
Total Turnover (Rf)	9, 124,969
Market Cap (Rf)	2,061,707,420
Turnover Rf. (June 2007)	1, 166,980
No. of securities account	4825

**Stock Market Monthly Report**

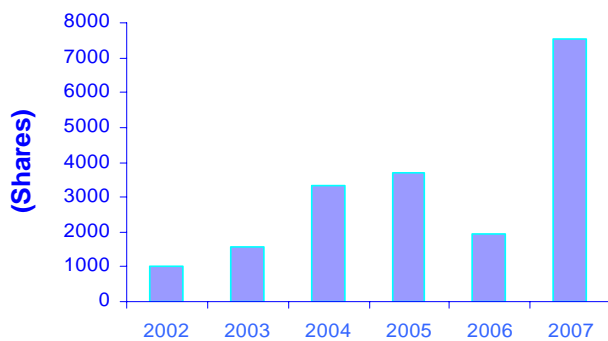
**June 2007**

**Market Review (June 2007)**

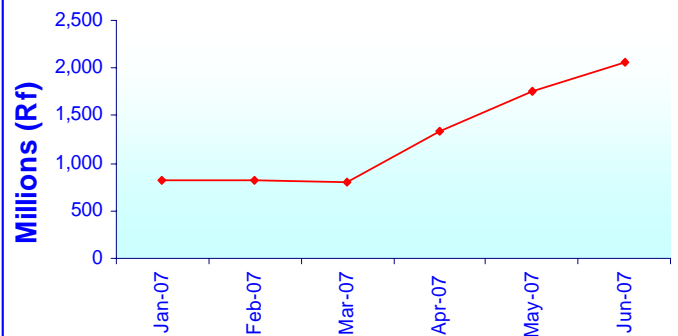
The mood in the stock market remained upbeat during the month of June. Active trading in MTDC stocks was the primary trigger for the positive market sentiments. The highest monthly trading turnover since the establishment of the STF was recorded in the reviewed period. The turnover (Rf1, 166,980) indicated an increase of around 315 percent compared to the preceding month's figure. A total of 5,753 shares which consist of 5,619 shares of MTDC, 110 shares of BML, 12 shares of MTCC and 12 shares of STO were traded. Commensurate with the increased volume, the average daily trading turnover for the month also raised from Rf12,228 to Rf58,349 registering an increase of 377 percent compared to the previous month.

Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf 9,124,969. The share split and bonus issue of BML have increased the supply of shares, which have contributed to the increase in market capitalization by 17 percent, from Rf1,757,380,850 as at the end of May to Rf2,061,707,420 as at the end of June 2007.

**No. of shares transacted ( Yearly Basis)**



**Market Capitalisation**



**CMDA Directive**

CMDA issued a directive in response to an article published in Haveeru Daily on 26 June 2007, quoting factually incorrect and misleading comments about the stock market made by the Managing Director of Island Aviation Services in his personal capacity. CMDA directive calls for responsible journalism and urged the media to be cautious in publishing personal opinions without verification and further explanations as it may confuse the market and trigger loss of confidence in the market.

**Market News:**

- BML issued bonus shares pursuant to an Extraordinary General Meeting on 1<sup>st</sup> June 2007. BML has split each of its ordinary shares of nominal value Rf300/- into 6 shares of Rf.50/- each and thereafter a bonus issue of 5 shares for every 1 share of nominal value of Rf50/- each. In the EGM, BML also announced a new public offering which is planned to commence from 15<sup>th</sup> July 2007.
- STO and MTCC held their Annual General Meetings on 28th June 2007 and 30th June 2007 respectively. A dividend of Rf 82 per share was declared by STO and Rf 35 was declared by MTCC.
- An essay writing competition organized by CMDA was held on 30th June 2007 at Jamaaludhdeen School. 27 Students from 7 secondary and higher secondary schools participated in this competition.
- CMDA closed application for licensing of Dealing Companies on 30 June 2007. One company applied for the license. Currently there are 4 Dealing companies operating in the market.
- The Capital Market and Corporate Governance Institute of CMDA in conjunction with the Financial Services Institute of Australia (FINSIA) is planning to run a broker training programme. As at the close of registration of the programme on 25th June, 21 participants have registered for the programme.

## PROPOSED REGULATIONS GOVERNING CONDUCT OF THE MALDIVES STOCK EXCHANGE

The salient features of the proposed guidelines to be made by the Capital Market Development Authority (CMDA) are appended below.

- The Stock Exchange shall prepare and publicly disclose a comprehensive business plan for developing the Stock market in Maldives, including increasing number of listed companies and improving liquidity and price discovery in listed securities. The Stock Exchange shall prepare the said plan in consultation with the Authority. The Stock Exchange shall also publicly disclose updates about any modifications made to the said plan and the progress being made on its implementation.
- The Stock Exchange shall confine its activities to the generally recognized core functions of a Stock Exchange and not directly or indirectly enter to any other business. The Stock Exchange shall also not outsource any of its core functions including listing, trading, and clearing and settlement, without the prior approval of the Authority.
- No person or group of associated persons shall directly or indirectly hold or control more than ten percent (10%) of the total outstanding shares of the Stock Exchange.
- No person shall be eligible to become a Director of the Stock Exchange if he does not meet the fit and proper standards for a Director of the Stock Exchange, as may be specified by the Authority from time to time. Further, no person shall be appointed to or removed from the Board of Directors of the Stock Exchange without prior written approval of the Authority.
- The Authority may approve Directors to the Board of the Stock Exchange.
- The Stock Exchange shall abide by the Corporate Governance Code set by the CMDA.
- A Director of Stock Exchange shall not deal in listed securities as may be specified by the Authority from time to time. Further, each Director of Stock Exchange shall promptly disclose to the Stock Exchange all direct or indirect dealings in securities done on his account, on account of his spouse, or on account of his minor children. A Director shall also disclose to the Stock Exchange all securities beneficially owned by him, his spouse, or minor children and any change thereof.
- An employee of the Stock Exchange shall not, directly or indirectly, deal in listed securities, save as (i) subscription of securities in a public offer and sale of the same in the Stock market, and (ii) purchase or redemption of units of an open end collective investment scheme.
- The Stock Exchange shall provide to the Authority minutes of all meetings of its Board of Directors as well as minutes of all meetings of any committee formed by the Board within 3 (three) working days.
- All fees and service charges levied by the Stock Exchange on the listed companies and dealing companies or any other person benefiting from the services of the Stock Exchange, and any amendment in the said fees and service charges, shall be subject to the prior approval of the Authority.
- The Stock Exchange shall ensure that on any given day, throughout the trading hours, information pertaining to trades that have been executed, all information contained in the electronic order book of the Stock Exchange in general and all bids and offers placed for each listed security in particular, save the identities of client investors and dealing companies, can be easily accessed by any person through the website of the Stock Exchange.
- The Stock Exchange shall not, directly or indirectly, attempt to restrict or reduce the number of dealing companies or the number of Stock brokers.
- Within commencement of business, the Stock Exchange shall, with the approval of the Authority, make rules and procedures to deal with an investor complaint.
- Any penalties levied by the Stock Exchange in exercise of its regulatory powers shall only be spent on as investor's education or other non-commercial activities for the development of the Stock market.
- Subject to the approval of the Authority, the Stock Exchange shall make and enforce appropriate rules and procedures for managing settlement risk arising out of dealing in securities by the dealing companies.
- 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.



## Stock Market Monthly Report

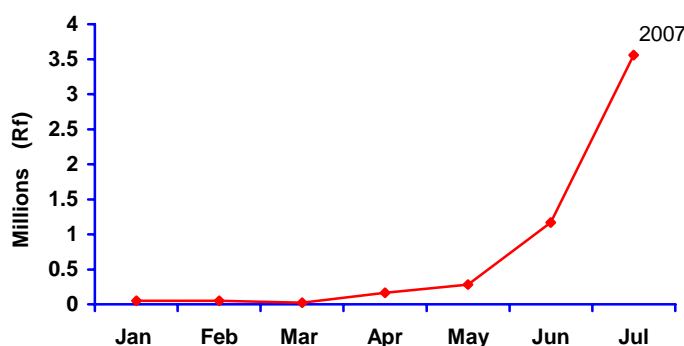
July 2007

### Comments on the market (July 2007)

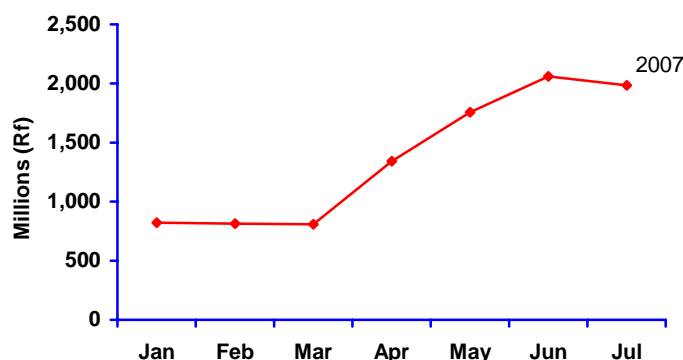
The market seems to be on its way to hitting an all-time high. The trading turnover for the month (Rf 3,554,920) jumped by a record high of around 205 percent compared to the previous month's turnover of Rf 1,166,980. The average daily trading turnover for the month also increased by 177 percent and was recorded at Rf 161,587.

The volume of shares traded also increased to 18,717 shares from 5,753 shares of the last month. This month's trading consists of 13,294 shares of MTDC, 5,410 shares of BML, 10 shares of STO and 3 shares of MTCC. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf 12,679,889 while the market capitalization as at end of the month was recorded at Rf 1,984,333,000.

**Trading Turnover**



**Market Capitalisation**



### Investor Education in Thulusdhoo

During the month under review a series of presentations on investing in the stock market were held at K.Thulusdhoo. The presentations targeted at the general public and the schools were held from 23<sup>rd</sup> July to 25<sup>th</sup> July 2007. Mariyam Visam, Deputy Manager/Securities Trading Floor conducted the presentations at K.Thulusdhoo with other team members of CMDA.



### Regulatory Decisions made by the Board of CMDA

- 1) A resolution to pass the "Stock Exchange application package" - 5<sup>th</sup> July 2007
- 2) A resolution to pass the Stock Exchange Licensing Regulations - 15<sup>th</sup> July 2007
- 3) A resolution to introduce a second board to the STF and the second board Listing Regulations - 23<sup>rd</sup> July 2007
- 4) A resolution to grant a provisional listing to the Dhivehi Ekuveri Kunfuni (DEK)- 23<sup>rd</sup> July 2007

### Stock Exchange Company Application

Invitation to establish a Stock Exchange Company was announced by the CMDA on 5<sup>th</sup> July 2007 and an information session for interested parties was held on 16<sup>th</sup> July 2007 at CMDA. Furthermore, CMDA received expression of interest from interested parties on 31<sup>st</sup> July 2007. The expression of interest was sent by a consortium of promoters initiated by the four Dealing companies and other prospective investors.

## Introduction of Second Board Listing

After about four years of operating the stock market with a single board, CMDA has introduced a second board for Equity and Debt listings on the Securities Trading Floor from 23<sup>rd</sup> July 2007. The first board is for larger capitalized companies while the second board is for smaller companies and start-up public companies.

With the introduction of the second board, the companies trading on the STF as at 23<sup>rd</sup> July 2007 were recorded as companies listed on the first board. As such, Maldives Transport and Contracting Company (MTCC), Bank of Maldives (BML), State Trading Organization (STO) and Maldives Tourism Development Corporation (MTDC) are now listed on the first board. Furthermore, a provisional listing was granted to the Dhivehi Ekuveri Kunfuni PLC (DEK), the first private sector company that has applied for a listing on the STF. DEK will be included in the official list of the STF upon completion of its proposed public offering and subsequent dispatch of share certificates to the shareholders or after immobilization of IPO shares in the Maldives Securities Depository.

Applications for listing on the second board will be considered on its own merits. In evaluating companies for listing on the second board, the integrity and capability of the company's management and the company's prospects for further growth will be taken into consideration among other factors. A company listed on the second board can be upgraded to a listing on the first board upon meeting the first board listing requirements.

The following are the main differences between the First Board and the Second Board listing requirements:

<i>First Board</i>	<i>Second Board</i>
<b>Methods of Listing</b> <i>- Offer for Subscription, Offer for Sale and Introduction</i>	<b>Methods of Listing</b> <i>- Offer for Subscription, Offer for Sale</i>
<b>Paid up capital</b> - <i>Min. Rf.5,000,000</i>	<b>Paid up capital</b> - <i>Min. Rf 1,000,000</i>
<b>Listing Fees</b> <i>-Capital up to Rf.100,000,000 - Rf.36,000</i> <i>- Capital above Rf.100,000,000 – Rf.48,000</i>	<b>Listing Fees</b> <i>-Capital above Rf.1,000,000 – Rf6,000</i>
<b>Code of Corporate Governance</b> <i>- Compliance with the code effective from 1<sup>st</sup> January 2008</i>	<b>Code of Corporate Governance</b> <i>- Compliance with the code effective from 1<sup>st</sup> January 2009</i>
<b>Circulation of Annual Report</b> <i>-Within 5 months from the close of the financial year.</i>	<b>Circulation of Annual Report</b> <i>- Within 7 months from the close of the financial year.</i>

The procedures to list on the second board are similar to the procedures on the first board and are as follows:

### **Appointment of a party to help with the listing**

A Company is encouraged to get the help of licensed Dealing companies for preparation of prospectus and for guidance in listing on the Stock Exchange.

### **Amendment to the Memorandum and Articles of Association**

A Company is required to incorporate specific provisions from the second board Listing Rules into the company's Memorandum and Articles of Association.

### **Listing Undertaking**

Companies applying for listing shall enter into an undertaking with the CMDA under the common seal of the company to comply with the Listing Rules. The company shall also enter into an undertaking with the CMDA that it shall not withdraw its listing without the prior approval of the CMDA.

### **Issue of Prospectus**

A Company is required to issue a prospectus in compliance with the Companies Act and the Rules and Regulations under the Companies Act and the Listing Rules. The issuing company is required to distribute its prospectus and application forms to the public within the time frame stipulated in the Listing Rules.

### **Submission of Initial Listing Application**

The documents to be submitted with an initial listing application are specified in the second board Listing Rules. These documents include the draft prospectus, the certificate of incorporation, the Memorandum and Articles of Association and a copy of the signed agreement between the Maldives Securities Depository and the issuing company for demat trading.



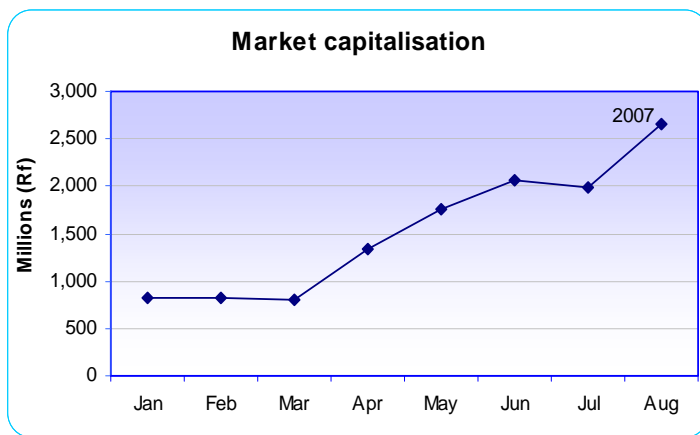
**“For safe keeping and speedy transfer of securities between shareholders – Maldives Securities Depository”**

**Stock Market Monthly Report**

August 2007

**Market Review (August 2007)**

The overall trading performance of the STF has declined in comparison to the previous month. Moreover, in terms of trading turnover, the trading activities of the STF fell by around 66 percent and the trading turnover for the month was recorded at Rf1,192,576. Meanwhile, the number of shares transacted through the STF also decreased to 5,693 shares from 18,717 shares recorded in the previous month. During the month under review, the average daily trading turnover stood at Rf54,208. Inclusive of the month's trading turnover, the total cumulative trading turnover of the STF has reached Rf13,872,465 while the market capitalization as at the end of the month was recorded at Rf2,662,585,150.



**News**

**Regulatory Decisions made by the Board**

A resolution was made by the CMDA Board to pass the Licensing & Conduct of Central Depository.

**Investor Education in Hanimaadhoo & Kulhudhuffushi, 6 – 8 August 2007**

During the month under review, a series of presentations on investing in the stock market were held at H.Dh Hanimaadhoo & H.Dh Kulhudhuffushi. The presentations targeted at the general public and the schools were held from 6<sup>th</sup> August to 8<sup>th</sup> August 2007. A total of 800 people participated in these presentations.

**Corporate Governance Awareness Workshop, 22 – 23 August 2007**

Capital Market Development Authority in collaboration with the Global Corporate Governance Forum and the Commonwealth Secretariat hosted a Corporate Governance Awareness Workshop with the objective to create awareness of the Corporate Governance Code of the Maldives and modalities of its implementation.

**Inter-School Quiz Competition 2007, started on 29<sup>th</sup> August 2007**

Capital Market & Corporate Governance Institute in conjunction with the Voice of Maldives started an Inter-School Quiz Competition 2007. Students from 7 secondary schools are participating in this competition, which will be held from 29<sup>th</sup> August 2007 – 9<sup>th</sup> September 2007.



Inter School Quiz Competition 2007



Corporate Governance Awareness Workshop 2007

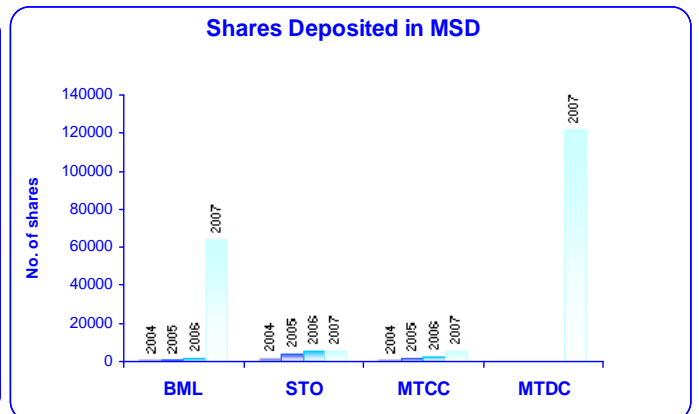
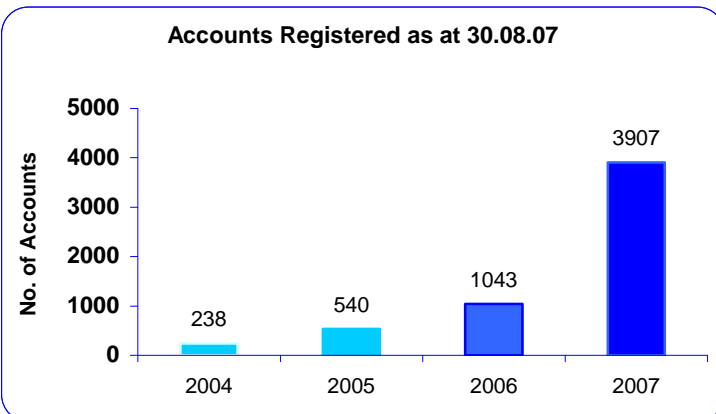
## Maldives Securities Depository

A Central Depository is considered to be the “central bank” of the securities market. The Maldives Securities Depository, providing the services of a central depository was established on 14<sup>th</sup> April 2004. The objective of MSD is to provide secured and dependable clearing, settlement and depository services to the capital market in an efficient and cost effective manner. MSD will be hived off from CMDA as an independent autonomous institution before the end of this year.

The similarities of a central depository compared to a banking institution are as follows:

Banking Organization	Central Depository
Licensed by a regulatory Authority.	Licensed by a regulatory Authority.
Established by persons and institutions of repute and good standing.	Established by persons and institutions of repute and good standing.
Provide safe keeping of money (funds) of customers in book entry form.	Provide safe keeping of securities (shares, bonds, debentures etc.) of the customers in book entry form.
Has an administrative central office and provide bank account opening services and other customer services through licensed branches.	Has an administrative central office and provide securities account opening services and other customer services through licensed Dealing Companies.
Requires to verify the identity and address of the customer before opening a bank account.	Requires to verify the identity and address of the customer before opening a demat account.
Entitled to charge fees for the services like account maintenance, remittances, safe custody etc.	Entitled to charge fees for services like account maintenance, dematerialization, pledging, transaction charges etc.
Facilitates transfer of funds within the bank (transfer) and also between two banking institutions (through clearing).	Facilitates transfer of ownership of securities within the Depository and also between account holders.
Currency notes held in physical form are specific and have distinctive specific identification features and numbers.	Securities held in physical form are specific and have distinctive identification features and numbers. However, the securities lying in a demat account are fungible.
Needs express written consent of the customer (like a cheque) for debiting his account.	Needs express written consent (Debit Instruction Slip) of the account holder for debiting his account.
Parents or guardians will operate accounts for minors under 18 years.	Parents or guardians will operate accounts for minors under 18 years.
A bank customer is entitled to get a statement of account from the branch periodically.	An account holder is entitled to get a statement of demat account.

The main differences between a securities depository and a banking organization is that a bank can use customer deposits and pays interest to the customers for the use of the deposited money. However, a depository is not entitled to use the securities lying in the demat accounts and hence does not pay any interest to them. Furthermore, for opening a bank account a minimum balance is required while a demat account can be opened without having or owning any securities.





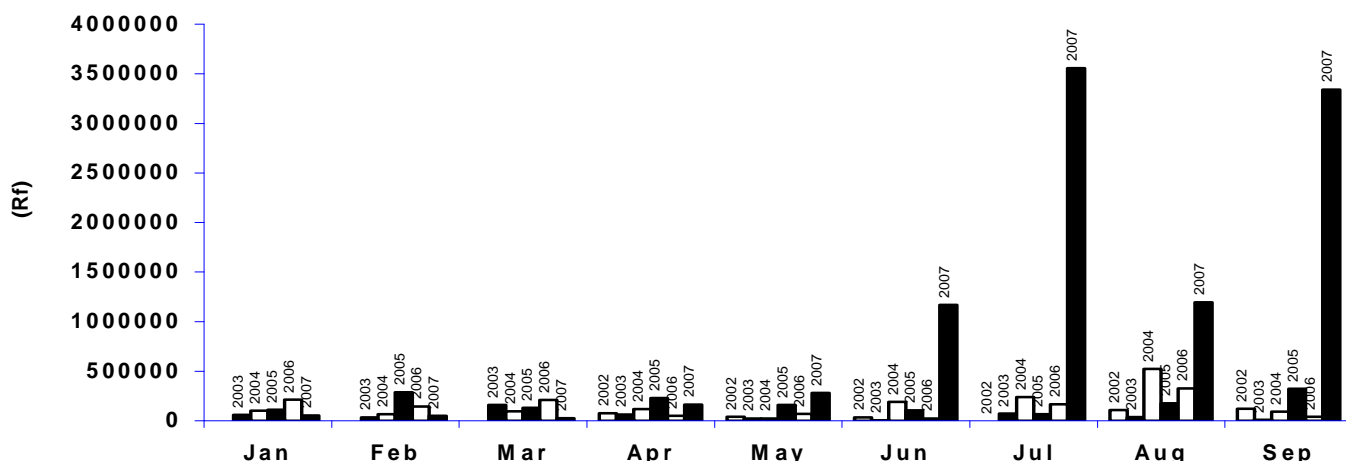
## Market Review (September 2007)

The stock market performance in September concluded with a high number of trading activities. The total trading turnover for the month was recorded at Rf3,341,060. This also reflected an increase of over 180 percent against the preceding month's turnover of Rf 1,192,576. Commensurate with the increased activities, the average daily trading turnover galloped recording an average daily turnover of Rf 167,053 in comparison to the previous month's turnover of Rf 59,629. During the month under review, a total number of 15,492 shares were traded which comprised of 15,252 shares of MTDC, 140 shares of BML and 100 shares of STO.

The total cumulative trading turnover of the STF has reached to Rf 17,213,525 and the market capitalization as at 30th September 2007 stood high at Rf 2,787,165,890 by registering an increase of around 5 percent in comparison to the preceding month's figure.

## Market Statistics

### Trading Turnover



## News

### **Inter-School Quiz Competition 2007**

The Inter-School Quiz Competition 2007 was concluded and the recording of the competition was broadcasted by the Voice of Maldives.

### **Stock Quotes on DhiFM**

CMDA signed an agreement with DhiFM to broadcast stock quotes and other market information via DhiFM radio station.

### **STF commenced trading of BML shares**

Following the additional issue of BML, STF commenced trading of shares deposited to MSD from 26<sup>th</sup> September.

### **Stock Exchange Application**

An application for establishing the Maldives Stock Exchange was received on 30<sup>th</sup> September. CMDA granted an extension for the Applicant Company to complete the Application before 10<sup>th</sup> October 2007.

## Fees, Commissions, Charges & Deposits Imposed by CMDA

### **Dealing Companies (Dealer's) and Dealer's Representatives**

**1. Dealer's License Application Fee**

A Dealer's License Application fee of Rf500 should be paid with the application for Dealer's License (non refundable).

**2. Dealer's License Renewal Fee**

A Dealer's License Renewal fee of Rf250 should be paid with the application for renewal.

**3. Dealer's Deposit**

A deposit of Rf25,000 should be paid with an application for a Dealer's License. The deposit money is refunded immediately if the application is refused.

**4. Dealer's Representative Application Fee**

A Dealer's Representative Application fee of Rf100 should be paid with the application.

**5. Dealer's Representative License Renewal Fee**

A Dealer's Representative License Renewal fee of Rf50 should be paid with the application for renewal.

**6. Liquidity Margin**

A Dealer shall at all times in his business maintain a minimum liquidity margin of Rf50,000.

**7. License Replacement Fee**

Where the Authority is satisfied that a license has been inadvertently lost, destroyed or defaced, the Authority will replace the license on payment of Rf100 as a replacement fee.

### **Securities Depository (MSD)**

**8. Clearing Shortage Account**

Dealing Companies are required to maintain a minimum balance of Rf25,000 in the "Clearing Shortage Account", registered at the Clearing Bank.

**9. Share Transfer Fee**

A Share Transfer fee of Rf5 should be paid by the MSD account holders per inter-account share transfer and a flat fee of Rf5 should be paid for physical share transfer.

**10. Shareholder's Information**

A charge of Rf250 per request will be levied on listed companies for shareholder's information (list) and Rf100 for any other information from listed companies.

**11. Clearing & Settlement Service Fee (with effect from January 2008)**

An annual Clearing and Settlement Service fee of Rf5,000 should be paid by each Dealing Company.

**12. Rematerialisation (with effect from January 2008)**

For rematerialisation (share certificate withdrawal), a flat fee of Rf10 per certificate should be paid by the MSD account holder.

### **Stock Exchange (STF)**

**13. Brokerage Fee**

A commission of 1% (0.5% from buyer and 0.5% from seller) is charged from all trades.

**14. To Amend Trade Information**

A charge of Rf1,000 will be levied to make changes to the trading information relating to confirmed trades.

**15. Delay of Settlement Schedule**

A charge of Rf2,000 will be levied for failures in providing the settlement schedule to STF on trade day (T) by 2:00pm.

**16. Annual Listing Fee (First Board)**

Company's issued and paid up capital less than 100 million the prescribed fee is Rf36,000. If the company's issued and paid up capital is more than 100 million the prescribed fee is Rf48,000.

**17. Additional Listing Fee (First Board & Second Board)**

An Additional Listing fee, prescribed as half of the actual listing fee for first board and second board should be paid by all the listed companies.

**18. Annual Listing Fee (Second Board)**

Companies listed on the Second Board the prescribed fee is Rf6,000.

**19. Annual Stock Exchange License Fee (Proposed)**

An Annual Stock Exchange License fee of Rf36,000.

**20. Stock Exchange License Replacement Fee (Proposed)**

Stock Exchange License Replacement fee of Rf10,000.

Securities Trading Floor  
M.T.C.C Tower, 4th Floor, Male'  
Tel: 3336620, Fax: 3336624  
www.maldivesstockexchange.com.mv



**MSE**  
Maldives  
Stock Exchange

**Application for license right  
to establish the Maldives  
Stock Exchange was  
received on 30th September.**

## Stock Market Monthly Report

October 2007

### **Market Review (October 2007)**

During the month under review, the overall trading performance of the STF declined in comparison to the previous month. In terms of trading turnover, it reflected a decline of around 11 percent compared to the preceding month's figure of Rf3,341,060. Moreover, the trading turnover for the month was recorded Rf2,961,694 by registering an average daily turnover of Rf141,033. A sum of 13,233 shares was exchanged through the STF which comprised of 9230 of MTDC, 3990 of BML, 8 shares of STO and 5 shares of MTCC.

The total cumulative trading turnover of the STF has reached to Rf 20,175,219 and the market capitalization as at 31<sup>st</sup> October 2007 stood high at Rf2,658,643,920 by registering a decrease of around 5 percent in comparison to the preceding month's figure of Rf2,787,165,890.

### **Market Review (Nov 07)**

The trading activities of the month reflected a slight decline in comparison to the previous month. A more comprehensive analysis highlighted that the trading turnover fell to Rf2,836,084 by registering a slump of around 4 percent compared to the preceding month's figure. Moreover, the average daily turnover of Rf141,804 was recorded during the month. A sum of 13,307 shares was exchanged through the STF which comprised of 12,075 shares of MTDC, 1,170 shares of BML, 52 shares of MTCC and 10 shares of STO.

Conversely, the STF statistics indicated that the number of trades executed has increased to 170 trades from 114 trades of the preceding month.

The total cumulative trading turnover of the STF has reached to Rf23,011,303 and the market capitalization as at 30<sup>th</sup> November 2007 stood high at Rf2,748,939,840 by registering an increase of around 3.4 percent in comparison to the preceding month's figure of Rf2,658,643,920.