

ORIGINAL

**SECURITIES (CONTINUING DISCLOSURE OBLIGATIONS OF ISSUERS)
REGULATIONS 2010**

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SECURITIES (CONTINUING DISCLOSURE OBLIGATIONS OF ISSUERS) REGULATIONS 2010

In exercise of the powers conferred by Section 60 of the Maldives Securities Act 2/2006, the Capital Market Development Authority has made the following regulations;

PART I PRELIMINARY

1. Citation

These regulations may be cited as the Securities (Continuing Disclosure Obligations of Issuers) Regulations 2010 and shall come into force on 1st January 2011.

2. Interpretation

In these Regulations unless the context otherwise requires any term defined in the Securities Act for which there is no definition in these Regulations shall have the meaning assigned to it by that Act–

“accounting period” means the period in respect of which the financial accounts of the issuer are made up, whether that period is a year or not;

“Act” means the Maldives Securities Act 2/2006;

“associate”, in relation to any director or chief executive, means –

- (a) his spouse, children or any company, trust or other entity controlled by any of them
- (b) any company of which he is a director, and
- (c) any employee,

and a reference in these regulations to an associated person or associated company shall be construed accordingly;

“board” means board of directors of the issuer;

“chief executive”, in relation to an issuer, means an employee of that issuer who, alone or jointly with one or more others, is responsible under the immediate authority of the directors, for the conduct of the whole of the business of that issuer;

“interest in securities” means any legal or equitable interest or right in relation to a security, including –

- (a) an absolute or contingent right to acquire a security created, allotted or issued or to be created, allotted or issued; and
- (b) the interests or rights of a person for whom a security is held on trust or by a custodian or depositary



"member", in relation to an issuer, means a shareholder whose name is entered in the company's register of members;

"substantial shareholder" means a person who holds by himself or his nominee, a share or an interest in a share which entitles him to exercise not less than 5% of the aggregate voting power exercisable at a meeting of shareholders.

3. Application

These Regulations apply to the issuers of securities which are listed on the Stock Exchange.

PART II DISCLOSURE OBLIGATIONS

4. General obligation

- (1) An issuer shall, generally and apart from compliance with all the specific requirements of these regulations, forthwith publish a press release in at least 1 (one) daily newspaper having a national circulation and, on the issuer's website, and notify in writing to the Authority and the Stock Exchange, of a material change or any major new developments in its sphere of activity which are not public knowledge and which information –
 - (a) is necessary to enable them and the public to appraise the financial position of the issuer and its subsidiaries;
 - (b) is necessary to avoid the establishment of a false market in its securities; or
 - (c) would be likely to bring about a material change in the value or market price of its securities.

- (2) Subsection (1) does not apply in one or more of the following circumstances –
 - (a) where it would be a breach of the law to disclose the information;
 - (b) the information concerns an incomplete proposal or negotiations;
 - (c) the information comprises of matters of supposition or is insufficiently definite such that it would be misleading to the market for it to be disclosed;

- (d) the information is generated solely for the purposes of the internal management of the issuer and its advisers;
- (e) the information is a trade secret;
- (f) The Authority grants an exemption from disclosure where the Authority is satisfied that there are legitimate grounds for withholding information that would create serious prejudice to the issuer and that prejudice outweighs the prejudice to the public in not disclosing the information to the market.

5. Publication and Submission of financial statements and reports

- (1) An issuer shall prepare and make available to the public the issuer's annual accounts, auditor's report and directors' report for the previous accounting period within 4 (four) months from the close of the financial year.
- (2) The issuer shall also send to –
 - (a) the Authority;
 - (b) the Stock Exchange;

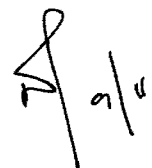
a copy of the issuer's annual accounts, auditor's report and directors' report 5 (five) working days before it is made available to the public.
- (3) An issuer shall publicly announce and make the information available through issuer's website not less than 14 days before the issuer's Annual General Meeting.

6. Information to accompany directors' report

An issuer shall include in or with its annual directors' report –

- (a) a description of its principal activities and of its subsidiaries and, where two or more such activities are so described, a statement giving in respect of each such activity the turnover and contribution to operating profit;
- (b) a statement showing –
 - (i) the name of every subsidiary, its principal country of operation, its country of incorporation and its main business;
 - (ii) the accounting period of a subsidiary where this is different to that of the issuer.

- (c) a statement as at the end of the relevant accounting period showing –
- (i) the direct and indirect interests of each director and chief executive of the issuer in the equity or debt securities of the issuer or any subsidiary, and of the associates of such director and chief executive in so far as is known or may be ascertained by reasonable enquiry; and
 - (ii) the details of any right to subscribe for equity or debt securities of the issuer or any subsidiary granted to any director or chief executive of the issuer, and of the associates of such director and chief executive in so far as is known or may be ascertained by reasonable inquiry, and the exercise of any such right.
- (d) the statement required by paragraph (c) must –
- (i) distinguish between beneficial and non-beneficial interests;
 - (ii) specify the company in which securities are held, the class to which those securities belong and the number of such securities held; and
 - (iii) in the case of share options, specify the option prices and exercise dates;
- (e) a statement by the directors as to the reasons for any significant departure from International Financial Reporting Standards (IFRS);
- (f) a statement as at the end of the accounting period showing as regards, first bank loans and overdrafts and, secondly, other borrowings of the issuer and its subsidiaries, the aggregate amounts repayable –
- (i) on demand or within a period not exceeding 1 year;
 - (ii) within a period of more than 1 year but not exceeding 2 years;
 - (iii) within a period of more than 2 years but not exceeding 3 years;
 - (iv) within a period of more than 3 years;

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- (g) in respect of the accounting period, a statement of the amount of interest capitalised by the issuer and its subsidiaries during the year;
- (h) a statement as to the period unexpired of any service contract, which is not determinable by the issuer within one year without payment of compensation (other than any statutory compensation), of any director proposed for election at the forthcoming annual meeting or, if there are no service contracts, a statement of that fact;
- (i) summary particulars of any contract of significance subsisting during or at the end of the accounting period in which a director of the issuer or of any subsidiary is or was materially interested, either directly or indirectly, or if there has been no such contract, a statement of that fact;
- (j) summary particulars of any contract of significance between the issuer, or any of its subsidiary companies, and a substantial shareholder or any of its subsidiaries;
- (k) summary particulars of any contract of significance for the provision of services to the issuer and its subsidiaries by a substantial shareholder or any of its subsidiaries;
- (l) a summary, in the form of a comparative table, of the results and of the assets and liabilities of the issuer and its subsidiaries, for the last 2 (two) accounting periods, with any necessary explanations or adjustments for changes in capital to make the figures fully comparable one year with another.

7. Minimum Quarterly Reporting Requirements

An issuer shall prepare a quarterly report in accordance with the Minimum Quarterly Reporting Requirements set by the Authority. The quarterly report should be published on the website within 30 days after the end of each quarter.

8. Acquisition or disposal of assets

(1) In the case of –

- (a) any acquisition or disposal of assets by an issuer or any of its subsidiaries where –
 - (i) the assets being acquired or disposed off represent an amount in excess of 10% of the value of the issuer's net assets or

consolidated net assets, as the case may be, as disclosed in the last audited accounts;

(ii) the assets are acquired from or disposed off to any of the issuer's or its subsidiaries' Directors or Chief Executive, or any associate of any such Director or Chief Executive, or any substantial shareholder of the issuer; or

X (iii) the assets being acquired or disposed off are an interest in any company of which a substantial shareholder is a director or chief executive of the issuer or any subsidiary, or any associate of such Director or Chief Executive;

(b) any disposal of assets by the issuer or any of its subsidiaries where the net profit before taxation earned by the assets which are the subject of the disposal is in excess of 10% of the issuer's consolidated pre-tax profit disclosed in the last audited accounts,

the issuer shall comply with the disclosure requirements of paragraph (2).

(2) Where paragraph (1) applies, the issuer shall give notice in writing to the Authority, the Stock Exchange and publish in at least 1 (one) daily newspaper having a national circulation, and make the information available through the issuer's website without delay of the transaction including the following details –

(a) the date of the transaction and the parties;

(b) a general description of the nature of the assets and, if these are shares in whole or part, the name and general description of the activities of the company in which the shares are or were held;

(c) the total consideration and other material terms;

(d) in the case of a transaction referred to in paragraph (1)(a)(i) or 1(b) –

(i) the basis of the valuation placed on the assets at the time of acquisition or disposal; and

(ii) in the case of a disposal, the excess or deficit of the proceeds over or under the book value;

- (e) in the case of a transaction referred to in paragraph (1)(a)(ii) or (iii), the name of the director, or chief executive, associate or substantial shareholder concerned and
 - (i) in the case of a director or chief executive, the office held;
 - (ii) in the case of an associate of a director or the chief executive, the nature of the relationship and the name of that director or chief executive and the office held.

9. Register of Substantial Shareholders

All issuers are required to maintain a register of substantial shareholders as required by section 53 of the Securities Act.

10. Periodic information for members

An issuer shall ensure that all the necessary facilities and information are available to enable members and other holders of its securities to exercise their rights and, in particular

- (a) shall publish, in at least 1 (one) daily newspaper having a national circulation, notice of every annual or special meeting;
- (b) inform members and holders of its debt securities of the holding of meetings which they are entitled to attend;
- (c) enable them to exercise their right to vote, where applicable;
- (d) publish notices or distribute circulars giving information on –
 - (i) the declaration and payment of dividends and interest;
 - (ii) the issue of new securities, including arrangements for the issue, subscription, renunciation, conversion or exchange of the securities; and
 - (iii) redemption or repayment of the securities.

11. Meetings of the board of directors

The date fixed for a meeting of the board of directors at which decisions on dividends, the annual results are expected to be made or at which any announcement of such matters is to be approved shall be notified to the Authority and the Stock Exchange at least 5 days in advance.

12. Decisions of the board of directors

An issuer shall inform the Stock Exchange and the Authority forthwith after approval by or on behalf of the board of –

- (a) a decision to declare, recommend or pay any dividend or to make any other distribution on its securities, and the rate and amount thereof;
- (b) a decision not to declare, recommend or pay any dividend;
- (c) a proposed change in the capital structure, including any redemption of its convertible securities; and
- (d) a decision to change the general character or nature of the business of the issuer or its subsidiaries.

13. Authority and Stock Exchange to be notified of certain decisions

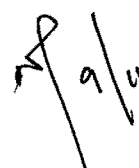
An issuer shall inform the Authority and the Stock Exchange forthwith of any decisions made in regard to –

- (a) an alteration to the issuer's Articles of Association;
- (b) a proposed change in its capital structure including the structure of its debt securities;
- (c) a change in the rights attaching to any class of securities and any change in the rights attaching to any shares into which and debt securities are convertible or exchangeable; and
- (d) a change in any of its senior management and Board of Directors.

14. Winding-up and liquidation

(1) An issuer shall inform the Authority and the Stock Exchange on the happening of any of the following events as soon as is practicable –

- (a) default on debt interest or repayment of principal by the issuer;
- (b) the appointment of a receiver, manager or administrator in respect of the assets of the issuer;
- (c) the presentation of any winding-up petition, or the making of any winding-up order or the appointment of a provisional liquidator in respect of the issuer, its holding company or any subsidiary;

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- (d) the passing of any resolution by the issuer, its holding company or any subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up;
- (e) the entry into possession of or the sale by any mortgagee of any of the issuer's assets ; or
- (f) the making of any judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance, which may adversely affect the issuer's enjoyment of any material part of its assets which in aggregate value represents an amount in excess of 10% of the consolidated net tangible assets of the group.

15. Authority may require information

- (1) The Authority may, at any time, require an issuer –
 - (a) to provide to the Authority such information in the form and within the time limits as the Authority may require; and
 - (b) to publish that information in the form and within the time limits as the Authority considers appropriate for the purpose of protecting investors and maintaining the smooth and efficient operation of the securities market.
- (2) If an issuer fails to comply with a requirement to publish information, the Authority may itself publish the information.

**PART III
WAIVER OF REGULATIONS**

16. Waiver by Authority

- (1) Subject to paragraphs (2) and (3), on written application being made by a issuer the Authority may, where it considers it appropriate in the special circumstances of the particular issuer, in its absolute discretion exempt the issuer from any specified requirement of these regulations.
- (2) The written application of the issuer shall give full reasons for seeking a waiver and shall specify any other alternative arrangements that it will put in place.
- (3) Notwithstanding an application under paragraph (1), the issuer shall comply with the regulatory requirement until it is formally waived in writing by the Authority.

- (4) The Authority shall promptly publish notice of the name of the party receiving the waiver and a brief description of the nature of the waiver in any case where a waiver is granted by the Authority, publication to be made in any circular or bulletin issued by the Authority to the market.

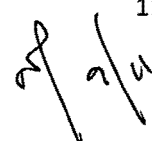
PART IV SANCTIONS

17. Action against issuer

- (1) Where the Authority considers that an issuer has contravened or failed to comply with any of these Regulations, the Authority may take one or more of the following actions –
- (a) impose a penalty on the issuer up to a maximum of MRF30,000;
 - (b) privately censure the issuer;
 - (c) publish the fact that the issuer has been penalised or censured for contravening these regulations;
 - (d) direct the Stock Exchange on which the issuer is listed –
 - (i) to suspend trading in the securities of the issuer;
 - (ii) to suspend the listing of the issuer; or
 - (iii) to delist the issuer;
- (2) In the event of an issuer being penalised under paragraph 1(a), the company must disclose details of the penalty in its audited accounts relating to the period in which the fine is imposed.
- (3) A penalty under this section is payable to the Authority.

18. Action against directors of issuer

- (1) Where the Authority considers that a contravention of these regulations by an issuer is due to a failure by all or any of its directors to discharge their responsibilities, the Authority may, in addition to any action it may take against the issuer under regulation 17, take one or more of the following actions –

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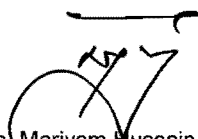
- (a) impose a penalty on the relevant directors up to a maximum of MRF 15,000 in respect of each such director;
- (b) privately censure the relevant directors;
- (c) publish the fact that these directors have been penalised or censured;
- (d) in the case of willful or persistent failure by a director to discharge his responsibilities, state publicly that in its opinion the retention of office by the director is prejudicial to the interests of investors;
- (e) if the director remains in office following a public censure by the Authority under (d) issue direction to the Stock Exchange to suspend trading in or discontinue the listing or admission to trading of the issuer's securities.

(2) A penalty under this section is payable to the Authority.

19. Notification of sanction

Unless the Authority considers that maintenance of an orderly market or the protection of investors otherwise requires, where the Authority proposes to take any of the actions described in regulation 17 or 18, the Authority shall, in relation to the party concerned –

- (a) give advance notice of the Authority's proposed action;
- (b) invite the making of representations to the Authority either in writing or in person;
- (c) advise of the decision as soon as practicable after it is made; and
- (d) advise in writing of the reasons for any decision that is unfavorable.



Ms. Mariyam Hussain Didi
Chairperson

Date: 9 November 2010