A GUIDE TO GOING PUBLIC
AND ISSUING SECURITIES IN THE
MALDIVES SECURITIES MARKET
Disclaimer

This document is prepared as a guide for going public and issuing securities. While reasonable care has been taken to prepare this document, CMDA accepts no responsibility or liability whatsoever, resulting from the use of information herein. The fees, processes and procedures are subject to change. The readers are advised to verify the fees and process involved.

29th April 2018
A GUIDE TO GOING PUBLIC AND ISSUING SECURITIES IN THE MALDIVES SECURITIES MARKET

‘ACCESS TO FINANCE VIA THE CAPITAL MARKET’

Capital Market Development Authority

CONTENTS

List of Abbreviations .................................................................................................................. 3
Introduction .................................................................................................................................. 4
Executive summary ....................................................................................................................... 5
The Going Public Process ............................................................................................................. 6
   Step 1: Register as a public company ....................................................................................... 6
   Step 2: Finalize the prospectus ............................................................................................... 8
   Step 3: Listing Application ....................................................................................................... 9
   Step 4: Issuing securities ......................................................................................................... 9
Governing as a Publicly Listed Company ..................................................................................... 11
   Entitlement to make decisions ............................................................................................... 11
   Annual General Meeting ........................................................................................................ 12
   Timeline for preparing for the AGM ....................................................................................... 13
   Disclosure over the course of the year (between AGMs) ...................................................... 14
   (a) Quarterly Reports ............................................................................................................ 14
<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b)</td>
<td>Material Changes</td>
<td>14</td>
</tr>
<tr>
<td>(c)</td>
<td>Register of Members</td>
<td>15</td>
</tr>
<tr>
<td>Appendix 1:</td>
<td>Documents required to re-register as a public company</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>Special resolution to Re-Register as a public company</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Resolution to Alter the articles and memorandum of association</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>MEMORANDUM OF ASSOCIATION</td>
<td>19</td>
</tr>
<tr>
<td>Appendix 2:</td>
<td>Forms and documents required for listing</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Securities Account Opening (Company) - Form 02</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>MSE listing application</td>
<td>21</td>
</tr>
<tr>
<td>Appendix 3:</td>
<td>Quarterly report</td>
<td>22</td>
</tr>
<tr>
<td>Appendix 4:</td>
<td>The annual report</td>
<td>25</td>
</tr>
<tr>
<td>Appendix 6:</td>
<td>Material changes</td>
<td>28</td>
</tr>
</tbody>
</table>
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
</tr>
<tr>
<td>Articles</td>
<td>The Articles of Association</td>
</tr>
<tr>
<td>CA</td>
<td>The Companies Act (Law No: 10/96)</td>
</tr>
<tr>
<td>CDOI</td>
<td>Continuing Disclosure Obligations of Issuers</td>
</tr>
<tr>
<td>CMDA</td>
<td>Capital Market Development Authority</td>
</tr>
<tr>
<td>Going public</td>
<td>The process of a private company re-registering as a public company</td>
</tr>
<tr>
<td>Listing process</td>
<td>The process of listing a company on the stock exchange</td>
</tr>
<tr>
<td>Memorandum</td>
<td>The Memorandum of Association</td>
</tr>
<tr>
<td>Prospectus</td>
<td>The Company Prospectus</td>
</tr>
<tr>
<td>Registrar</td>
<td>Registrar of Companies, Ministry of Home Affairs</td>
</tr>
<tr>
<td>SA</td>
<td>The Securities Act (Law No: 2/2006)</td>
</tr>
</tbody>
</table>
INTRODUCTION

For a private company that is being managed well, accessing finance by issuing securities via the capital market is a viable alternative to other types of financing. This book is a guide for such companies intending to issue securities. It explains the process of re-registering as a public company and subsequently, issuing securities and listing on the stock exchange. It also details ‘life as a public company’ - explaining the decision-making, monitoring and reporting structure that comes with the change from a private company to a public listed company.

The purpose of this book is to ease administrative burdens for companies. Keeping this in mind, it gives samples of all the documents (see appendices) that are required by laws and regulation. The intention is to create templates that can be easily customized to suit each company’s context.
## EXECUTIVE SUMMARY

The following table details the processes along with reference to the document templates in the appendices; and the fees/costs incurred in each step. To give an indication of the minimum cost, fees are calculated for a company that fulfills the minimum share capital requirement of MVR 1,000,000.¹

<table>
<thead>
<tr>
<th>Process</th>
<th>Documents required</th>
<th>Submit to</th>
<th>Fee (MVR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Re-register as a public company</strong></td>
<td>• Special resolution to re-register as a public company,</td>
<td>• Registrar of Companies</td>
<td>Please refer to <a href="http://www.trade.gov.mv/">http://www.trade.gov.mv/</a></td>
</tr>
<tr>
<td></td>
<td>• Special resolution to make alterations to the Memorandum and Articles of Association to bring them in conformity with the requirements of a public company,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Revised Memorandum of Association</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Revised Articles of Association</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Prospectus (draft)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Finalize the Prospectus</strong></td>
<td>• Prospectus (final)</td>
<td>• CMDA</td>
<td>35,000 plus 0.05% of total amount quoted to raise from the public² (to be paid to CMDA) Maximum fee – MVR 50,000/-</td>
</tr>
<tr>
<td><strong>Open a corporate account with Maldives Securities Depository (MSD)</strong></td>
<td>• Application form</td>
<td>• MSD</td>
<td>Free</td>
</tr>
<tr>
<td><strong>Undertaking and listing application</strong></td>
<td>• Application form</td>
<td>• Maldives Stock Exchange (MSE)</td>
<td>0.05% of the amount to be listed – for minimum and maximum amounts for each listing board refer to MSE listing rules (ap. 5)</td>
</tr>
</tbody>
</table>

¹ Companies Act 1996 s 7(d)
² CMDA Board Resolution No 05/2011
THE GOING PUBLIC PROCESS

STEP 1: REGISTER AS A PUBLIC COMPANY

Ensure that the following requirements are fulfilled:

- A minimum share capital of at least MVR 1,000,000,
- At least 10 members,
- At least 5 directors.

Submit the following documents to the Registrar of Companies, along with the registration fee:

- *Special resolution to re-register as a public company,*
- *Special resolution to make alterations to the Memorandum and Articles of Association to bring them in conformity with the requirements of a public company,*
- *Revised Memorandum of Association*
- *Revised Articles of Association*
- *Prospectus (draft)*
- *List of names and addresses of the allottees, the number, nature and value of shares allotted.*
- *Evidence of shareholder’s payments*

Notes:

1. Templates for all the required documents are given in 'Appendix 1: Application for Re-registration as a Public Company'.

---

3 Companies Act 1996 s 7(d)
4 Companies Act 1996 s 3(b)
5 Companies Act 1996 s 45(a)
6 Companies Act 1996 s 20
7 Companies Act 1996 Schedule 1
2. A general meeting has to be called in order to pass special resolutions.⁸

3. A draft of the prospectus is sufficient at this stage. In that, details other than those in the Memorandum and Articles are not required to be finalized. However, since audited financial statements are part of the final prospectus that is required before listing, if possible, conduct an audit of the company’s financials at this initial stage. This would also aid in deciding the type, value and amount of securities to issue.

4. Registration fee:⁹

The Registrar will evaluate the documents and give a Certificate of Incorporation.¹⁰

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⁸ Companies Act 1996 s 19
⁹ Companies Act 1996 Schedule 1
¹⁰ Companies Act 1996 s 20(c)
### STEP 2: FINALIZE THE PROSPECTUS

- Decide on the amount of capital to raise, the type and value of security to issue.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Equity</th>
<th>Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum requirements</strong></td>
<td><strong>The minimum requirements for an equity issue:</strong> ⑪</td>
<td><strong>The minimum requirements for a debt issue:</strong> ⑫</td>
</tr>
<tr>
<td>1st Board &amp; 2nd Board</td>
<td>⑪ Shareholder’s funds must be the same or greater than equity. ⑪ A minimum subscription open to the public of at least ⑭ 5% of issued and paid up share capital including the proposed offer. ⑭ 100,000 shares or shares with total face value of MVR 50,000. You have the option of listing either on the main board or on the second board of the Maldives Stock Exchange depending on the size of the subscription open for the public.</td>
<td>⑫ completed at least three financial years of trading; ⑫ realized profit for the last two consecutive financial years; and ⑫ must not be in the process of declaring liquidation or insolvency ⑭ Main Board – Should be rated as well as secured either by collateral or guarantee ⑭ Second Board – Should be rated or secured by collateral or guarantee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Start-up Board</th>
<th>Minimum requirements for an equity issue. # 1.3.3 &amp; 1.3.3.1 Listing rules</th>
<th>The minimum requirements for a debt issue: # 1.4.2.1 Listing rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application for listing (all under chapter 1 &amp; 2 of the listing rules apply to initial listing application)</td>
<td>Prospectus</td>
<td>Prospectus Credit rating from a Credit Rating Agency licensed or approved by CMDA Audited financial statements of the last three years</td>
</tr>
<tr>
<td>N/A</td>
<td>MOA and AOA</td>
<td>MOA and AOA</td>
</tr>
<tr>
<td></td>
<td># 1.51. listing rules</td>
<td># 1.51. listing rules</td>
</tr>
<tr>
<td></td>
<td>Listing undertaking</td>
<td>Listing undertaking</td>
</tr>
<tr>
<td></td>
<td># 1.6.1 &amp; 1.6.2 listing rules</td>
<td># 1.6.1 &amp; 1.6.2 listing rules</td>
</tr>
<tr>
<td></td>
<td>Listing of entire class</td>
<td>Listing of entire class</td>
</tr>
<tr>
<td></td>
<td># 1.10.1 listing rules</td>
<td># 1.10.1 listing rules</td>
</tr>
</tbody>
</table>

⑪ The Listing Rules of the Maldives Stock Exchange 2013 s 1.3
⑫ The Listing Rules of the Maldives Stock Exchange 2013 s 1.4
Requirements differ based on the type of security.

Note the additional application procedure for debt instruments. In addition, companies planning to issue Shariah compliant securities are required to apply for a Shariah compliance review as per following regulations to CMDA along with the request for prospectus registration.\(^{13}\)

- Regulation on sharia screening of equity securities
- Regulation on issuance of sukuk

Finalize all content in the prospectus and submit it to the Capital Market Development Authority (CMDA) for approval.\(^{14}\) CMDA charges MVR 35,000 plus 0.05% of total amount quoted to raise from the public\(^{15}\) as prospectus processing fee. Once CMDA registration is issued the company can proceed with seeking ROC approval.

**STEP 3: LISTING APPLICATION**

- Open a corporate account with the Maldives Securities Depository.
  - Application form is given in Appendix 2.
  - Sign an agreement with MSD for dematerialized trading.\(^{16}\)
- Complete the undertaking and the initial listing application form and submit to MSE along with the required documents and application fee\(^{17}\) (please see Appendix 4)

<table>
<thead>
<tr>
<th>Listing application and processing fee</th>
<th>Main board</th>
<th>Second board</th>
<th>Start-up board</th>
</tr>
</thead>
<tbody>
<tr>
<td># listing rules appendix 5</td>
<td>0.05% of the amount to be listed – with a minimum of MVR 100,000 and maximum of MVR 250,000.</td>
<td>0.05% of the amount to be listed – with a minimum of MVR 75,000 and maximum of MVR 250,000.</td>
<td>0.05% of the amount to be listed – with a minimum of MVR 25,000 and maximum of MVR 250,000.</td>
</tr>
</tbody>
</table>

- The annual listing fee is to be paid when invoice by MSE following the official listing of the company.

\(^{13}\) Guidelines on Shariah Compliance Review for Pre-IPO Securities s 1(D)

\(^{14}\) The Listing Rules of the Maldives Stock Exchange 2013 s 1.8.2

\(^{15}\) CMDA Board Resolution No.05/2011

\(^{16}\) The Listing Rules of the Maldives Stock Exchange 2013 s 2.4.1(h)

\(^{17}\) The Listing Rules of the Maldives Stock Exchange 2013 s 2.1 & s 2.3
STEP 4: ISSUING SECURITIES

Once the prospectus is registered by ROC and CMDA make the prospectus and subscription application form available to the public. The company should publish the prospectus on its website and make a public announcement via at least one media channel. The prospectus must be made available to the public at least 14 market days before the date of the opening of the subscription list.  

Open for subscription:

- The issue must be kept open for subscription for a minimum of 15 and a maximum of 35 market days.  
- Disclosure obligations to MSE during subscription:
  - Inform the MSE on agreed intervals and at the close of the Issue, the status of the issue open to public with regard to subscription levels.  
  - Inform the MSE immediately if the issue is oversubscribed at any time before the closing date of the subscription list. Once informed, MSE will advise the company on closing the issue before the published closing date as per the prospectus.  

Close subscription and make allotments:

- The following table specifies the timeline for various actions during the allotment process specified in the MSE listing rules.  

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediately</td>
<td>If the issue is oversubscribed any time before</td>
</tr>
<tr>
<td>Within 30 days of closure</td>
<td>Make refunds due to oversubscription and rejection of applications.</td>
</tr>
<tr>
<td>Within 14 market days or 30 days (whichever is shorter) of closure</td>
<td>Make allotments, send allotment list to MSD and publicly announce that allotments for applications have been made.</td>
</tr>
<tr>
<td><strong>Within 14 market days after receipt of allotment list from the company</strong></td>
<td>MSD will process allotment lists generate a deposit request.</td>
</tr>
<tr>
<td>Within 5 market days of receiving the deposit request from MSD</td>
<td>The company to approve the deposits and send the approved deposit list to MSD.</td>
</tr>
</tbody>
</table>

18 The Listing Rules of the Maldives Stock Exchange 2013 s 2.2.1(c)  
19 The Listing Rules of the Maldives Stock Exchange 2013 s 1.9.1  
20 The Listing Rules of the Maldives Stock Exchange 2013 s 2.2.2  
21 The Listing Rules of the Maldives Stock Exchange 2013 s 2.2.3  
22 The Listing Rules of the Maldives Stock Exchange 2013 s 2.2.4 - s 2.2.11
GOVERNING AS A PUBLICLY LISTED COMPANY

In contrast to private companies, public companies consist of a larger number of owners. This leads to the need for much more structured and delegated decision making. In this regard, shareholders elect a board of directors from among themselves in order to make decisions on their behalf. The board is required to meet at least twice a year. 23

In such a setting, not all shareholders would be closely involved and informed of the major activities of the company unless there is a legislated and enforced reporting framework. Moreover, shareholders would need to set up an independent, unbiased control mechanism to ensure that reports generated are true reflections of the status of the company.

The focal point of the decision making, monitoring and control framework is the Annual General Meeting.

ENTITLEMENT TO MAKE DECISIONS

All shareholders (members) are entitled to participate in the decision-making process. Any events where members have a right to participate (including general meetings and the distribution of dividends) have a book close date. This is the date and time at which the register of members will close for the purpose of determining which members are entitled to participate.

Events where registered members have a right of participation need to be publicly announced and given prior notice at least 7 days before the book close date. 24 The notice must include the date and time that the register of members will close.

23 Companies Act 1996 s 50
24 The Listing Rules of the Maldives Stock Exchange 2013 s 3.2.3
ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is open for all shareholders of the company. A quorum of 5 members of the company holding no less than 20 percent of the shares is needed for an AGM. 25

Purpose: 26

1 Reviewing the performance of the company:

Shareholders are presented with the Audited Balance Sheet, Profit and Loss Account, Director's Report and Auditor's Report27 (a consolidated template of these is presented in Appendix 5 as 'The Annual Report').

2 Declaration of dividends

3 Election and appointment of directors (voted by shareholders at the end of a director’s term of office)

4 Appointment, removal and remuneration of External Auditors 28

Preparation for an AGM:

The preparation for the AGM begins with the end of the financial year on 31st December with the preparation of three main annual documents:

● Annual Accounts:

   ○ rely on accounting records that Companies are required to maintain of day to day money received and expended and of assets, liabilities and obligations29

   ○ must be audited by chartered accountants or certified public accountants approved by the Auditor General30. They shall prepare and Auditor's Report 31

25 Companies Act 1996 s 58
26 Companies Act 1996 s 55
27 Companies Act 1996 s 68
28 Companies Act 1996 s 70
29 Companies Act 1996 s 63(a)
30 Companies Act 1996 s 70(a)
31 Companies Act 1996 s 71(a)
- Annual Report:
  - is a requirement under the Companies Act (Law No.10/96) 32
- The Director’s Report:
  - which is a requirement under the Continuing Disclosure Obligations of Issuers 33

Appendix 4 gives a template of the all the above reports consolidated into one as 'The Annual Report'.

**TIMELINE FOR PREPARING FOR THE AGM.**

<table>
<thead>
<tr>
<th>Deadline</th>
<th>Action</th>
</tr>
</thead>
</table>
| 5 working days prior to 30th April34 | Submit copies of The Annual Report to  
  - CMDA  
  - MSE |
| 30th April 35 (14 days before the AGM) 36 | Publish The Annual Report on the company website |
| 14 days before the AGM | Public Announcement of the AGM (AGM Notice) together with The Annual Report  
  - Announcement must state the venue, date and time 37  
  - Publish on company website and in at least one daily newspaper with national circulation 38  
  The announcement should also include the book close date and time (see details in section (Entitlement to Make decisions)) |
| Within 5 months of end of the financial year (39) | AGM  
  The company is required to keep minutes 40 |
| Within 15 days of the AGM | Submit to the Registrar:  
  - The Annual Report 41  
  - Form 3 of The Companies Regulations: Appoint a director to submit the Annual Report to the Registrar.  
  - Any change to the Board of Directors (Form 2 of The Companies Regulations)  
  - A list of members (within 30 days of the AGM 42 |

32 Companies Act 1996 s 66(b)  
33Securities (CDOI) Regulations 2010 s 6  
34Securities (CDOI) Regulations 2010 s 5(1) and s 5(2)  
35Securities (CDOI) Regulations 2010 s 5(1)  
36 Companies Act 1996 s 57(b)  
37 Companies Act 1996 s 57(b)  
38Securities (CDOI) Regulations 2010 s 10(a)  
39The Listing Rules of the Maldives Stock Exchange 2013 s 3.7.1  
40 Companies Act 1996 s 61  
41 Companies Act 1996 s 69(a)  
42 Companies Act 1996 s 17
DISCLOSURE OVER THE COURSE OF THE YEAR
(BETWEEN AGMS)

Over the course of one year, a company might go through significant changes that might affect its financial performance and ultimately the value of securities that it has issued. Thus, it is the right of the security holders and potential investors to be informed in advance of such potential changes. Therefore, in addition to annual reports, shareholders of a public company in particular and the public in general need to be informed of changes in the business that occurs over the course of the financial year.

(A) QUARTERLY REPORTS

CMDA requires listed companies to publish a Quarterly Report within 30 days after the end of each quarter and send a copy to MSE and CMDA. The content of the report is included in Appendix 6.

(B) MATERIAL CHANGES

A material change is a change in the business, operations or affairs of the company that would be considered by a reasonable investor as something that would affect the financial performance of the company. Such information is important in determining whether to purchase or continue holding securities of the company. A decision by management to implement such a change would also be considered to be material.

Companies are required to immediately notify CMDA and MSE in writing of any material change and publish the information on at least one daily newspaper with national circulation and also on their website.

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43 Circular Number 179-RDPS/2009/19 Minimum Quarterly Requirements for Listed Companies
44 Securities (CDOI) Regulations 2010 s 4
Appendix 5 contains information on the criterion for material changes, exemptions and procedures.

(C) REGISTER OF MEMBERS

All companies are required to keep a register of its members with the following details: 45

- Name and address
- Number of shares held
- Amount paid on the shares

In addition to the above, the following details of shareholders directly or indirectly holding more than 5% of a shareholding in a public company 46 must also be maintained.

- Name and address
- Serial number, class and face value of the share
- Where more than 5% are bought by a person other than the owner of the shares, the name of the owner
- Nature and duration (where limited by time) of the shareholder's interest
- Date of acquisition
- Date of disposal/change in the nature of the interest in the share

It is the responsibility of individual shareholders to notify the company, MSE and CMDA in writing within 14 days upon acquisition of 5% of shareholding in a company. 47

If there is reason to believe that one of the directors of the company will become the owner of more than 5% shareholding in the company, the company is required to give notice to the said director of that belief and direct his/her attention to comply with the requirements under subsection 9(a) of the CDOI regulation. 48

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45 Companies Act 1996 s 16(a)
46 Maldives Securities Act 2006 s 53 & Securities (CDOI) Regulations 2010 s 9
47 Maldives Securities Act 2006 s 53(c)
48 Maldives Securities Act 2006 s 53(j)
APPENDIX 1: DOCUMENTS REQUIRED TO RE-REGISTER AS A PUBLIC COMPANY

This Appendix contains the following documents:

Special Resolution to Re-register as a Public Company

Resolution to alter the Memorandum and Articles of Association

Revised Memorandum of Association

Revised Articles of Association

Company Prospectus
SPECIAL RESOLUTION TO RE-REGISTER AS A PUBLIC COMPANY

RESOLUTION NO:

PASSED AT THE GENERAL MEETING:

We hereby certify that this resolution of the members of <Name of Company>, having head office located on <Address>, Maldives, was passed at the board meeting, which was duly recorded in the minutes.

Date: _________________
Time: _________________
Place: ____________________________________________

The undersigned, being the members of <Name of Company>, hereby signed the following resolution.

RESOLUTION TO RE-REGISTER AS A PUBLIC LIMITED COMPANY:

It has been resolved to re-register <Name of Company> pvt ltd as <Name of Company> plc. as a Public Company.

To this effect, it has been resolved to make such alterations in the Memorandum and Articles of Association to bring them in conformity with all the requirements of a Public Company under the Companies Act (Law No.10/96) and the Securities Act (Law No.2/2006) and all related laws and regulations.

Signatures

Name (Chairperson) ..................................................
Name .................................................................
Name .................................................................
Name .................................................................
Name .................................................................
Name .................................................................
Board Secretary (Name) ...........................................
RESOLUTION TO ALTER THE ARTICLES AND MEMORANDUM OF ASSOCIATION

RESOLUTION NO:

PASSED AT THE GENERAL MEETING:

We hereby certify that this resolution of the members of <Name of Company>, having head office located on <Address>, Maldives, was passed at the board meeting, which was duly recorded in the minutes.

Date: ____________________
Time: ____________________
Place: ____________________

The undersigned, being the members of <Name of Company>, hereby signed the following resolution.

RESOLUTION TO RE-REGISTER AS A PUBLIC LIMITED COMPANY:

The Board has resolved to alter the Memorandum and Articles of Association to conform to all the requirements of a Public Company under the Companies Act (Law No.10/96) and the Securities Act (Law No.2/2006) and all related laws and regulations.

The amended Memorandum of Association and Articles of Association are attached herewith.

Board of Directors  Signatures

Name (Chairperson)  ………………………………………..
Name  ………………………………………..
Name  ………………………………………..
Name  ………………………………………..
Name  ………………………………………..
Board Secretary (Name)  ……………………………………….
MEMORANDUM OF ASSOCIATION 49

OF

<INSERT NAME OF THE COMPANY> ADOPTED ON <INSERT DATE>

1. The name of the company is <insert name> (hereafter referred to as the ‘Company’).

2. The Company is to be a public company pursuant to Section 3 of the Companies Act of 1996 (as amended from time to time) and accordingly shares in or debentures of the company shall be offered to the public.

3. The registered Office of the Company shall be situated in:

<Address>

4. The objects for which the Company is established are:

<List the primary objectives of the company>

5. The liability of the members shall be limited for all purposes to the amount, if any, unpaid on the shares respectively held by them and shall when the Memorandum and Articles of Association are registered, for all legal purposes have effect accordingly. 50

6. The authorized capital of the Company and the manner in which it is to be procured:

7. The authorized share capital of the Company is <state currency> <state the amount in words> <state the amount in numbers> divided into <state number in words and numerals> shares of <state amount in words and numerals> each with power to increase or reduce the capital.

8. Shares in the original or increased capital may be divided into several classes, and there may be attached thereto respectively any preferential, deferred or other special rights or privileges, conditions or restrictions as to dividend, capital, voting or otherwise.

9. We, being the shareholders of the Company confirm that our names and addresses are hereunto subscribed and that we are desirous of continuing the existence of the Company in pursuance of this Memorandum of Association and respectively have taken the number of shares in the capital of the Company noted opposite our respective names below.

Dated this ___ day of __________ 20__

49 Companies Act 1996 s 5
50 Companies Act 1996 s 18
<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of Shares held</th>
<th>Percentage of Issued Shares of the Company</th>
<th>Capital to the Company for the Shares</th>
<th>Signatures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Name:</th>
<th>ID no:</th>
<th>Position (For Corporate shareholders):</th>
<th>Address</th>
<th>Signature:</th>
</tr>
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In the presence of:

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</table>
APPENDIX 2: FORMS AND DOCUMENTS REQUIRED FOR LISTING

SECURITIES ACCOUNT OPENING (COMPANY) - FORM 02


MSE LISTING APPLICATION

- Undertaking form - See Appendix 1 of listing rules.
- Listing application form - See Appendix 2 of listing rules.
- Other required documents:
  - a certified copy of the Memorandum and Articles of Association in Dhivehi or English or both
  - a certified copy of the Certificate of Incorporation and the Certificate to Commence Business, if any;
  - a Prospectus approved by the Registrar of Companies and CMDA, the contents and form of which shall comply with and include the requirements laid down in the Companies Act 1996 and the prospectus regulations
  - the MSE at its own discretion may recommend any additions as it deems fit and approve such application subject to such amendments;
  - an undertaking in the form set out in Appendix 1 of the Listing Rules duly executed under the common seal of the company
  - a copy of the signed agreement with the MSD for dematerialized trading
  - where the issue relates to issue of sukuk securities, a declaration by the issuer of sukuk securities that the proposed sukuk is in compliance with CMDA’s sukuk guidelines, or that arrangements are in place to ensure compliance with sukuk guidelines
APPENDIX 3: QUARTERLY REPORT

This template is based on the 'Minimum Quarterly Reporting Requirements of Listing Companies' (CMDA Circular No:179-RDPS/2009/19).

Contents of the Report

1. Developments of the company

1.1 Progress toward goals, objectives, milestones (Approach this section in the most convenient fashion including updated milestones)

The extent which the goals and objectives of the company has been achieved over the course of the quarter/ targets achieved.

1.2 Highlights of the business activities (acquisitions, mergers and disposals)

Business strategies applied throughout the quarter. Such as establishment of joint venture companies, diversifying into a new market, product developments and new services etc.

1.3 Employment data (Staff development programs, training programs and enrichment programs should be covered) - Optional

2 Administrations

2.1 Board Activities (Number of meetings held/ subcommittee meetings)

2.2 Changes in members of the Board

2.3 Decisions or resolutions approved by the Board

According to the Listing Rules all price sensitive information should be disseminated to the public. However, any decisions which would affect tile business adversely could be avoided. In such cases; a summary of the resolutions can be included.

3 Financial statements
3.1 Income Statement

3.2 Balance Sheet

3.3 Cash Flow Statement

Financial statements should cover:

- Earnings
- Gross profit/loss
- Expenses
- Net Profit/loss
- Earnings per Share
- Assets & Liabilities (Non-current assets, Current assets, Non-current liabilities, Current Liabilities)
- Capital and Reserves

Comparison should be made with this quarter and the preceding quarter. In addition, illustrations can be used to present data to make it more effective.

Standard formats should be used in presenting the data.

4 Market highlights for company's shares

4.1 Highest Traded Price

4.2 Lowest Traded Price

4.3 Weighted Average Traded Price

4.4 Market Capitalization

4.5 Related graphs, pie charts and bar graphs etc.
4.6 Dividend yield

4.7 Price-Earnings Ratio (PIE ratio)

5 Corporate Governance (CG) Compliance

The statement should cover the good governance practices maintained by the company throughout the quarter. For instance, compliance to the CMDA CG code, Listing Rules and other internal controls etc. On the other hand, penalties or fines paid to the CMDA or MSE should be included in the report.

*Apart from the CG compliance, penalties or fines paid to any other enforcement / regulatory agencies could be included under this section.*

6 Reporting Compliance

A brief statement to justify that the company has complied with the Minimum Quarterly Reporting Requirements for listed Companies set by the CMDA.

*The statement should mention that the report has covered all the mandatory sections stated in the quarterly reporting requirements set by the CMDA.*

7 Auditor's Limited Review

An auditor’s statement may be included in the quarterly report. The financial statements covered under the section 3 should be audited by an external auditor (Optional).

*The auditor’s limited review is considered as an optional section as many listed companies expressed their difficulties in complying with this section.*
This template is a merger of the requirements of section 66(b) of the Companies Act 1996 and section 6 of the CDOI regulations.

<table>
<thead>
<tr>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Introduction to the company</strong></td>
</tr>
<tr>
<td><em>A summary of the company</em></td>
</tr>
<tr>
<td>- What do you do?</td>
</tr>
<tr>
<td>- A brief history</td>
</tr>
<tr>
<td>- What are your credentials? (i.e. how good are you at what you do?)</td>
</tr>
<tr>
<td><em>Achievements....market leader in.... Etc.</em>)</td>
</tr>
<tr>
<td>- What is your focus/mission/key strategies?</td>
</tr>
<tr>
<td><strong>2. Corporate Information</strong></td>
</tr>
<tr>
<td>- Date of incorporation</td>
</tr>
<tr>
<td>- Date of becoming public</td>
</tr>
<tr>
<td>- Date of listing</td>
</tr>
<tr>
<td>- Company registration number</td>
</tr>
<tr>
<td>- Head Office</td>
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<tr>
<td>- Place of incorporation</td>
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<tr>
<td>- Chief Executive Officer</td>
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<tr>
<td>- Chief Financial Officer</td>
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<tr>
<td>- Company Secretary</td>
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<tr>
<td>- Auditors</td>
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<tr>
<td>- Legal Counsel</td>
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<tr>
<td>- <strong>Board of Directors:</strong></td>
</tr>
<tr>
<td>- Chairperson</td>
</tr>
<tr>
<td>- Executive Director</td>
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<tr>
<td>- Non-Executive Directors</td>
</tr>
<tr>
<td><strong>3. Shareholders and Investor Information</strong></td>
</tr>
<tr>
<td>- Shareholding Structure of the Company as at the end of the financial year</td>
</tr>
<tr>
<td>- Information about majority shareholders</td>
</tr>
<tr>
<td>- Investor Information</td>
</tr>
<tr>
<td>- Basic Earnings per Share</td>
</tr>
<tr>
<td>- Diluted Earnings per Share</td>
</tr>
<tr>
<td>- Net asset value per share</td>
</tr>
<tr>
<td>- Last traded price</td>
</tr>
<tr>
<td>- Highest and lowest prices recorded during the financial year</td>
</tr>
<tr>
<td>- Market capitalization at the end of the financial year</td>
</tr>
<tr>
<td>- Number of trades (amount of shares traded) during the financial year</td>
</tr>
<tr>
<td><strong>4. Profile of the Board of Directors</strong></td>
</tr>
</tbody>
</table>
| - Reference to the Articles of Association in regards to the composition of the board (how
many directors should there be and who do they represent?)

- **Current board composition:**
  Profiles of current directors: who they are, academic background, professional experience

- **Former directors**
  List of directors who had left the board during the course of the financial year.

## 5. Management
- Organizational chart/Information on management structure
- Profile of the management team

## 6. Message from the Chairperson
Key message that is conveyed to shareholders on behalf of the board.

## 7. Message from the Chief Executive Officer
A summary of the company performance (with reference to economic context).
What was the main focus during the year?
Highlight of key projects/developments (completed during the year/ongoing/planned)
Core strengths, achievements.

## 8. Corporate Governance report
Adherence to Corporate Governance Codes and standards (Company's own/National/International)
**Performance Evaluation**
Summary of any evaluations conducted under the Corporate Governance Code
**System to raise concerns**
Information on the system in place to raise concerns over any breaches of the Corporate Governance Code.
**Information disclosure**
How does the company fulfill legal requirements to disclose material information on a timely manner?
**Legal and regulatory compliance**
Statement that the company is compliance with its legal and regulatory obligations (specify) and industry codes.
Statement that the annual report has been prepared in compliance with all the reporting requirements in accordance with the relevant regulations.

## 9. Corporate Social Responsibility
What is the company's corporate social responsibility initiatives based on?
What has been done?
- Ongoing/routine initiatives
- Special projects during the year

## 10. Director's Report
### I. Business Review
- Performance:
  - What was the focus during the year?
  - Market position
  - Details of projects/performance of key products etc.
  - Customer service and marketing activities
  - Summary of financial performance
    - Key data:
      - Revenue comparison
      - Operating costs
        - Total operating cost
        - before interest, depreciation and amortization
• Earnings Before Interest, Taxes, Depreciation, and Amortization
• Net Profit
• Earnings per share
• This must be a comparison (not mere statement of profits, revenues and other values).

II. Business Outlook
• Future trends, forecasts and other analysis
• Plans for the future in the contexts of market and economic outlook

II. Remuneration Package of Directors and Key Executives
• Aggregate compensation to the Board of Directors
• Aggregate compensation to key executives

V. Proposed Dividend
Proposed final dividend resolved by the board (total and per share)
Statement that final dividend is subject to approval by shareholders at the next AGM
Interim dividends declared during the year
Total dividend for the year

V. Auditor
Details of the External Auditor.

11. Auditor’s Report and Audited Financial Statements
I. Independent Auditor's Report
   a. Management's responsibility for the financial statements
   b. Auditor’s responsibility
   c. Opinion
      Whether the financial statements give a true and fair view of the financial position of the company as at the end of the financial year and its financial performance and its cash flows for the year in accordance with International Financial Reporting Standards.

2. Financial Statements
   I. The Financial Statements
   II. Signature
      a. Date of approval of the statements by the board.
      b. Signature of board members (Chairperson, Chief Executive Officer and Chief Financial Officer)
   III. Notes to the Financial Statements
APPENDIX 6: MATERIAL CHANGES

Material changes are information:

- that enables the company and the public to appraise the financial position of the issuer and its subsidiaries.
- necessary to avoid the establishment of a false market in its securities
- that would likely bring about a material change in the value of the market price of the securities.

Disclosure Requirements

Material changes and new developments must be published in at least 1 daily newspaper having national circulation and on the company website; and immediately notify material changes in writing to CMDA and MSE.

Exemptions

Disclosure requirements do not apply to:

- Instances where it would be a breach of law to disclose
- Incomplete proposals/negotiations
- Material comprises of matters of supposition or is indefinite (so as might cause the market to be misled)
- Instances where information is generated solely for the purpose of internal management of the issuer and its advisers

51 Securities (CDOI) Regulations 2010 s 4
52 Securities (CDOI) Regulations 2010 s 4 (1)
53 Securities (CDOI) Regulations 2010 s 4 (2)
• Trade secrets

CMDA grants an exemption from disclosure where it 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.

**Acquisition or disposal of assets**

- When asset acquired/disposed represent 10 percent of net assets or consolidated net assets disclosed in the last audited accounts
- When asset is acquired from/disposed to the company's/subsidiaries directors, CEO, any of their associates or any substantial shareholder
- The assets being acquired or disposed of 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;
- 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,
- Must Disclose:
  (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;

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54 Securities (CDOI) Regulations 2010 s 8
(d) Where relevant:

(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) Where relevant, 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.

**LIST OF RELEVANT LAWS AND REGULATIONS:**

1. Companies Act (CA) 10/1996
2. Companies General Regulations
3. Prospectus Regulation
5. Securities General Regulation
6. Issuers Regulations *pending gazette*
7. Securities (CDOI) Regulation
8. Corporate Governance Code
9. Maldives Stock Exchange Listing Rules