

# Rules of the Maldives Securities Depository

|  |                      |
|--|----------------------|
|  Capital Market Development Authority |                      |
| <b>APPROVED</b>  |                      |
| NAME <i>M9KH2000 / S45696</i>  |                      |
| SIGNATURE                             | DATE <i>28/08/08</i> |

*CS*

## DEFINITIONS

- 1.1 Contract Note: A legally binding document confirming a purchase or sale of securities.
- 1.2 Market Day: A day when the Maldives Stock Exchange (MSD) is open for business
- 1.3 Securities: Has the same meaning as in the Maldives Securities Act.

## MANAGEMENT

- 2 MSD shall be owned and managed by the Maldives Stock Exchange (MSE).

## ELIGIBLE SECURITIES FOR PROCESSING

- 3 All securities traded on the MSE shall be eligible for processing by the MSD

## SECURITIES ACCOUNT

- 4 To open a Securities Account, a person shall duly complete an Account Opening Form (MSD Form 1 or 2).
- 5 All MSD account opening applications shall accompany the original National Identity Card (NIC) in the case of individuals and in the case of a company the original certificate of incorporation, copy of the memorandum and articles of association and a copy of the board resolution authorizing the opening of the account.
- 6 The MSD shall issue an acknowledgement slip (MSD Form 3) once the registration process is completed.
- 7 The deposited securities held in a Securities Account shall be held by the MSD in trust for the account holder. MSD shall not mortgage, charge, hypothecate, pledge, deposit as collateral or in any way deal with the deposited securities, unless instructed to do so in writing by the account holder in accordance with the rules prescribed by the CMDA.
- 8 MSD shall have the absolute right to suspend dealings on any securities account if the MSD is of the opinion that there is an irregularity in operation of the account, until such time all clarifications are made.
- 9 In the event of the death of an account holder/cessation of clubs Associations or Companies the MSD will suspend dealings on the Securities Account. Following withdrawal of all securities and the Securities Account will be closed. The MSD shall recognize those persons who may be authorized by court to withdraw the securities.
- 10 A parent or guardian approved by a competent court may open and operate a MSD account for the child who is a minor (Under 18 years). The birth certificate of the minor and other necessary documents should be submitted with the account opening form (Form1).
- 11 On reaching the age of majority the account operation will automatically change to account holder and the guardian's authority to operate the account will cease.

## OPERATION OF SECURITIES ACCOUNT

- 12 The account name and the MSD securities account number shall be indicated in all requests for change of account holder information.
- 13 The Securities Account shall be credited with any securities:
- a) purchased by an account holder through MSE;
  - b) deposited by the account holder with MSD;

- c) received by MSD from a Company on account of the account holder, any securities in respect of new issues, rights issues or bonus issues or share splits;
  - d) transferred into the Securities Account by the account holder under Rule 23.
- 14 The Securities Account shall be debited with any securities:
- a) sold by an account holder through MSE;
  - b) withdrawn by the account holder from MSD;
  - c) transferred out of the Securities Account under Rule 9.
- 15 MSD shall not permit any person to have a short position in a security.

**TRADE RECORDING**

- 16 MSD shall prepare and issue contract notes (MSD Form 4 or 5) on the same day in respect of all transactions concluded on the MSE.

**MSD MONTHLY STATEMENTS**

- 17 MSD shall provide a monthly statement (Form 6) to the account holder upon request.

**DEPOSIT OF SECURITIES**

- 18 All securities shall be of good delivery (viz. a valid share certificate in the name of the account holder) and shall be accompanied by a duly signed transfer form (Transfer Form 8) in favour of MSD.
- 19 All deposits handed over for lodgement should contain a duly completed deposit slip (Form 11). The duplicate of the slip will be issued to the account holder as confirmation of receipt of securities for deposit duly acknowledged by the MSD
- 20 The issuing company shall confirm to MSD within three (3) market days that the shares have been credited to the account of MSD in the company share register

**WITHDRAWAL OF SECURITIES**

- 21 An account holder who wishes to request for the securities certificates in respect of securities purchased and credited to a Securities Account or deposited in a Securities Account shall forward a duly signed Transfer Form (Form 8) to the MSD
- 22 The issuing company is required to submit to MSD securities certificates against MSD withdrawals before the expiry of three (03) market days of lodging a valid transfer with them

**INTER ACCOUNT TRANSFER**

- 23 An account holder if he so desires may transfer any securities in his account to the account of another account holder subject to the share transfer policy prescribed by the CMDA by forwarding an Inter Account Transfer Form (Form 7)

**RETURNED DOCUMENTS**

- 24 When documents are returned by the MSD back to the account holder due to discrepancies, such documents shall be returned under cover of a "returned document advice" (MSD Form 12) stating the reasons for returning. Account holders shall accept such documents after due acknowledgement by the MSD

## ENTITLEMENTS OF ACCOUNT HOLDERS

- 25 The issuing company shall co-ordinate with MSD to process all rights and entitlements of MSD account holders who hold securities of such issuing company
- 26 An account holder's entitlement to a dividend payment, bonus or rights issue or any other distribution or ownership issue of the same nature shall be determined on the basis of the amount of securities held in the securities account as at the date of entitlement
- 27 In the event of a company declaring a dividend payment, issuing bonus shares or having a rights issue, MSD shall furnish the company, upon request, a list of MSD account holders with their respective holdings with regard to that security as at the date of entitlement
- 28 The company shall prepare dividend payments on the basis of the list provided by MSD and make available payments, direct to the respective account holders. In the case of a bonus or rights issue the relevant documents shall be made available to the MSD account holders
- 29 The MSD shall provide a list of shareholders to the issuing company for purpose of voting at General Meetings (AGM) and for all such other purposes. The issuing company shall provide an opportunity to vote at General Meetings and accord such other rights and privileges for all persons whose names appear in this list in the same way as those persons whose names appear in the company register

## FORMS

- 30 In connection with any transaction or matter handled through, with or by MSD under or pursuant to the Rules, such forms of slips, lists, notices and other documents shall be used as MSD may from time to time prescribe and additions to, changes in and elimination of any such forms may be made by MSD at any time subject to CMDA approval.

## AMENDMENTS TO RULES

- 31 The Maldives Securities Depository shall have the rights to change these rules from time to time as they think fit subject to approval by CMDA. The MSD account holders shall be bound by such changes whether or not such rule changes are brought to their notice. Such changes should be brought to public notice through publication in the news media and the inclusion of the rules in the website within not later than 3 working days of such rule change

*Report considered*

---

APPENDIX - FORMS

| No | Form Nos: | Name of the form  |
|----|-----------|---|
| 1  | Form 01   | SECURITIES ACCOUNT OPENING FORM (Individuals)                       |
| 2  | Form 02   | SECURITIES ACCOUNT OPENING FORM (Business / Clubs / Associations)   |
| 3  | Form 03   | ACCOUNT CONFIRMATION SLIP   |
| 4  | Form 04   | SOLD NOTE   |
| 5  | Form 05   | BOUGHT NOTE   |
| 6  | Form 06   | STATEMENT OF ACCOUNT  |
| 7  | Form 07   | INTER-ACCOUNT TRANSFER FORM   |
| 8  | Form 08   | DEPOSIT / WITHDRAWAL / PRIVATE SHARE TRANSFER (TRADE MINISTRY FORM) |
| 9  | Form 09   | BROKER REGISTRATION FORM  |
| 10 | Form 10   | SECURITIES WITHDRAWAL SLIP  |
| 11 | Form 11   | SECURITIES DEPOSIT SLIP   |
| 12 | Form 12   | RETURNED DOCUMENT   |

