



MAL	2.24	0.01	0.45%	0.01	11
NE	3.23	0.05	1.55%	0.01	11
NV	2.85	-0.01	-0.35%	0.01	11
OTVV	8.13	-0.02	-0.25%	0.01	11
HYOS	11.61	-0.02	-0.17%	0.01	11
PLUG	21.14	-0.04	-0.19%	0.01	11
ESLR	26.37	-0.01	-0.04%	0.01	11
MT	62.20	0.53	0.85%	0.01	11
D	21.77	0.13	0.59%	0.01	11
OC	26.6	-0.35	-1.3%	2.11	11
	19.59	0.09	0.45%	0.01	11
	49.06	0.16	0.33%	11.06	11



بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

INTRODUCTION TO ISLAMIC CAPITAL MARKET OF MALDIVES

Fathimath Shafeega
Chief Executive Officer (CMDA)



CMDA |

Capital Market Development Authority





Background

- ▶ The Capital Market Development Authority (CMDA) is an independent institutions responsible for developing and regulating the capital market in the Maldives. The Authority is also tasked with the supervision of Maldives Retirement Pension Scheme administered by the Maldives Pension Administration Office (MPAO).
- ▶ It has statutory powers to license securities market intermediaries including brokers, dealers, investment advisers, asset managers, custodians, credit rating agencies as well as stock exchanges and central depositories.
- ▶ The regulatory powers are derived under the Maldives Securities Act, 2/2006 and Maldives Pension Act 8/2009.

Market Structure

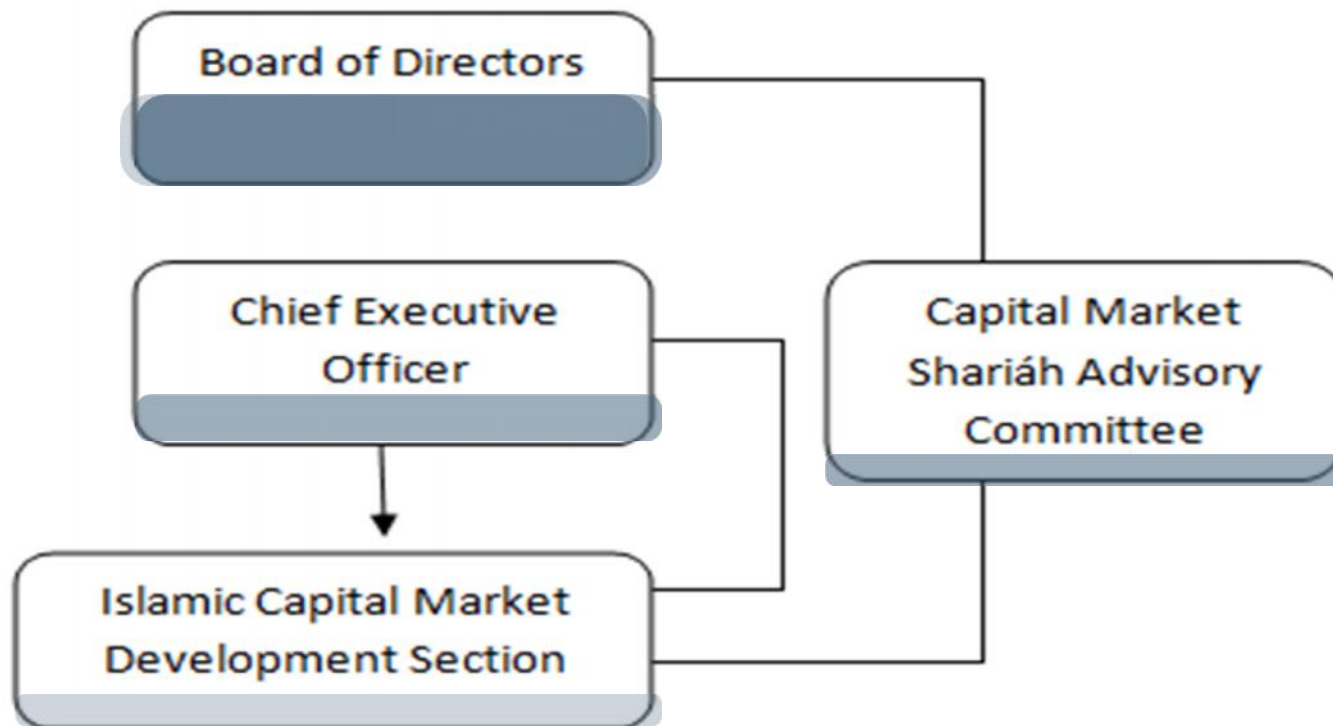
- ▶ Central Bank (MMA)
- ▶ Capital Market Regulatory Authority (CMDA)
- ▶ 7 Banks and 5 Non-bank Financial Institutions
- ▶ 3 Insurance Companies
- ▶ 1 Stock Exchange
- ▶ 1 Securities Depository
- ▶ 6 Listed Companies / 1 Shariáh Compliant Listing
- ▶ 3 Dealing Companies
- ▶ 5 Brokers
- ▶ 1 Custodian
- ▶ 1 Credit Rating Agency
- ▶ 4 Principal Advisers



Development of Islamic Capital Market in the Maldives

- ▶ Islamic Capital Market is emerging in Maldives.
- ▶ The vision of CMDA is to develop Islamic capital market parallel to the existing conventional capital market as this would create a competitive environment in the financial market of Maldives and this would also contribute to the stabilization of the overall economy of Maldives.
- ▶ The Capital Market Strategic Plan was revised to include the ICM component defining the long term and short term objectives of ICM development. Since this revision, the CMDA embarked on various tasks to facilitate development and the progress has been remarkable.

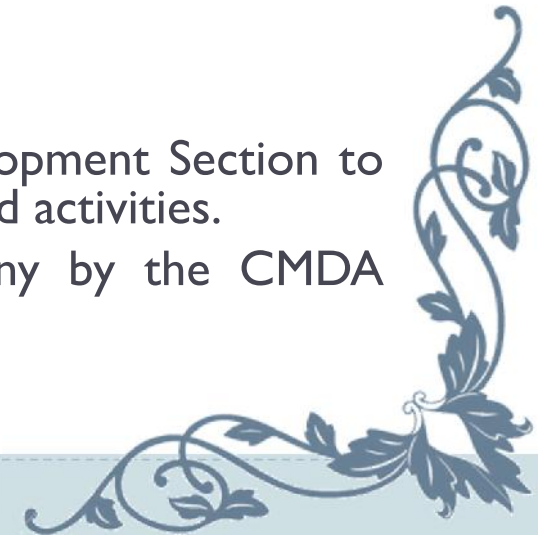
Organizational Structure for Islamic Capital Market





Development of Islamic Capital Market in the Maldives

- ▶ Prominent developments of the ICM includes:
- ▶ May 2011-
 - ▶ The establishment of the Capital Market Shariáh Advisory Committee (CMSAC) to advice the CMDA Board of Directors in matters relating to the ICM.
 - ▶ Issuance of Pre-IPO Shariáh Screening Guidelines and commencement of Sukuk Project; the first research project conducted by CMDA to explore the viability of Islamic Capital Market Products in the Maldives.
 - ▶ Commenced Islamic Capital Market Awareness Programs.
- ▶ June 2011:
 - ▶ The establishment of the Islamic Capital Market Development Section to organize and facilitate the implementation of ICM related activities.
 - ▶ Endorsement of the first Shariáh Complaint Company by the CMDA Board of Directors.





Development of Islamic Capital Market in the Maldives

- ▶ **September 2011:**
 - ▶ The launch of the first ICM product (Islamic Equity)
 - ▶ Release of Islamic Capital Market Quarterly Bulletins <available @<http://www.cmda.gov.mv/islamic/islamic-capital-market>>

- ▶ **February 2012:**
 - ▶ Trading of Islamic Securities on the MSE.
 - ▶ Introduction of Islamic Stock brokerage Services.





Development of Islamic Capital Market in the Maldives

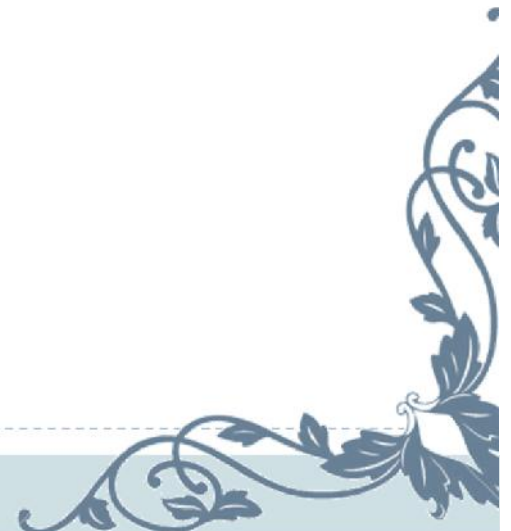
- ▶ **April 2012:** Signed Memorandum of Understanding with International Centre For Education In Islamic Finance (INCEIF) for collaborating in areas of education and research on Islamic Finance
- ▶ **May 2012:** Endorsement of Islamic Capital Market Regulations by Board of CMDA to facilitate the introduction of Shariah compliant Capital Market Products
- ▶ **September 2012:** Endorsement given to the first Sukuk prospectus



Islamic Capital Market Awareness Programs - 2011 to 2012

- ▶ Areas of awareness
 - Introduction to Islamic Finance and Islamic Capital Market
 - Sukuk and Sukuk Structures
 - New product awareness (ETFs, Islamic Mutual Funds etc...)

- ▶ Training
 - Operations of Islamic Capital Market
 - Targeted one program for each quarter





Proposed Islamic Capital Market Regulations

- ▶ CMDA follows the Malaysian ICM model in developing the legal framework for the Maldives Islamic Capital Market
- ▶ The proposed Islamic Capital Market Regulations are:
 - ▶ Islamic Securities Screening Regulation
 - ▶ Sukuk Regulation
 - ▶ Regulation on Registration of Shariah Advisers





Islamic Capital Market Products in Maldives

- ▶ Shariáh compliant Equities:

Amana Takaful Maldives Plc is listed on Maldives stock exchange since June 2011.

- ▶ Sukuk

Sukuk prospectus of Housing Development Finance Corporation Plc has been endorsed.

- ▶ Sukuk Market Development Consultancy with assistance of IDB is to commence shortly





ICM Development Plans

- ▶ Sukuk Market consultancy project with IDB aiming to build capacity within the CMDA to undertake the necessary functions to develop and sustain Sukuk market in the Maldives;
- ▶ Develop Sukuk Structures that could be accommodated under the existing legal and regulatory framework of the country;
- ▶ Identify the risks involved in the Sukuk structures proposed and develop a risk based supervisory;
- ▶ framework for Sukuk market monitoring and supervision;
- ▶ Identify the areas in which incentives could be given to develop and sustain Sukuk market in the Maldives;
- ▶ Develop three or four Islamic Capital Market Products suitable for rural areas or other islands of the Maldives which are un-bankable (eg. Microfinance Securitization);
- ▶ Recommend the potential Islamic Capital Market products under the existing legal and regulatory infrastructure; and
- ▶ Offer new Islamic Capital Market products such as commodity murabahah through exchange, Islamic Mutual Funds and Islamic ETFs



Way Forward

- ▶ It is hoped that the creation of a sukuk market in the Maldives will help the existing liquidity problems.
- ▶ It is anticipated that in a near future, the country would witness more products in the Islamic capital market.
- ▶ Definitely, the creation and the sustainable development of this new market would contribute to the stabilization of the Maldivian economy.



Special Thanks to

- ▶ CMDA would like to extend sincere appreciation to Islamic Development Bank for its' assistance towards the development of the Islamic capital market in the Maldives.
- ▶ CMDA also thanks SC Malaysia for facilitating its' resources.
- ▶ CMDA thanks OIC for its' invitation to participate in this forum.
- ▶ We hope that OIC member countries will provide assistance to Maldives in developing an Islamic Capital Market.

For More Information

Kindly visit:
www.cmda.gov.mv

