

# BUSINESS FACILITATION FOR PUBLIC LIMITED COMPANIES

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Ministry of Economic Development





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# ROLE OF MINISTRY OF ECONOMIC DEVELOPMENT

- Business Registration
- Business Facilitation
- Issuance of Permits & Licenses
- Trade Policy Formulation & Facilitation
- SME Development
- Investment Promotion
- Investment Registration
- International Cooperation
- Business Regulation

# PRIVATE COMPANIES

- 100% owned by locals
- 100% owned by foreigners
- Companies owned by locals & foreigners
- 100% SOEs
- JVs between GoM & locals/foreigners
- MoA & AoA – Plain Vanilla
- Corporate Governance - voluntary
- Accessing Finance – Cannot issue shares to the Public



# STATUTORY COMPANIES

- Companies formed by an Act of Parliament specific to the creation of the respective company
- MoA & AoA – in the Act and additional requirements under Companies Act & General Regulations
- Corporate Governance – Act and voluntary practices
- Accessing Finance – cannot sell shares to the public unless its allowed under the law

# PUBLIC COMPANIES

## Why Plc?

- A legal vehicle designed to raise finance from the public
- Has shareholding over 10
- Liability limited by shares
- MoA & AoA - Customized
- Corporate Governance – Customized and aligned with CMDA CG Code
- Seek a listing on the Maldives Stock Exchange

# AOA

AoA of Plc's shall include sections dealing with:

- Organisation of GMs
- Board of Directors and Management of the Company
- Appointment, replacement and removal of Directors & Chairperson
- CG framework
- Distribution of shares
- Share transfers
- Shareholder rights
- Distributions
- Register of interest of shareholders

# ISSUING A PROSPECTUS

- Plc's can issue shares, bonds and sukuk
- Prospectus is an offer document targeting your investors
- No issue shall be made without registering a Prospectus with MED
- CMDA approval is required for ALL prospectuses
- Prospectus shall include all the information required by MED & CMDA
- Refer Prospectus Guidelines



# PROCEDURE FOR REGISTERING A PLC

Requirements to be fulfilled to register a Public Company

- Completed Business Registration Form
- Memorandum of Association approved by the founding shareholders
- Articles of Association approved by the founding shareholders (It is suggested to incorporate mandatory Corporate Governance requirements to Articles of Association)

# PROCEDURE FOR REGISTERING A PLC

- Letter indicating the plan for Initial Public Offering and the date on which the Draft Prospectus to be lodged with the Ministry
- A Letter from Maldives Stock Exchange confirming the timeline for Listing as per the Listing Rules
- Letter indicating the date on which confirmation of shareholder's contribution in relation to shares (a minimum of MVR.1,000,000 or assets valued and transferred to the newly incorporated company) shall be submitted to the Ministry

# CONVERTING A PRIVATE COMPANY TO A PUBLIC COMPANY

- Board Resolution endorsing transfer of shares to additional members
- Board Resolution endorsing Board of Directors of proposed Plc
- Board Resolution endorsing the revision to Articles of Association
- Board Resolution endorsing the revision to Memorandum of Association
- Revised Articles of Association (It is suggested to incorporate mandatory Corporate Governance requirements to Articles of Association)
- Revised Memorandum of Association
- Prospectus (To offer additional shares to incoming shareholders to convert to a Plc).
- A Letter from Maldives Stock Exchange confirming the timeline for Listing as per the Listing Rules

# APPROVING PROSPECTUS PRIOR TO PUBLICATION

- Any public company publishing a prospectus shall seek prior approval from the Registrar of Companies
- Public Companies are required to seek approval for prospectus from Capital Market Development Authority (CMDA) prior to submitting the same to Registrar of Companies
- A letter to this effect shall be lodged with the Ministry along with the CMDA approved Prospectus

# APPROVING PROSPECTUS PRIOR TO PUBLICATION

- All Prospectuses shall contain mandatory disclosures under Companies Act General Regulations, Annex 2
- Applicants shall submit both hard copy and soft copy. Soft copy shall be in Microsoft word format
- All public companies are required to submit a Tax Clearance from Maldives Inland Revenue Authority along with the Prospectus



# SERVICE CHARTER

- MoA & AoA registration – 5 working days
- Plc Registration – 3 working days
- Prospectus Registration – 5 working days



# LEGAL FRAMEWORK

- Proposed Amendments to Companies Act
- Recently enacted changes to Partnership Act



# DISCUSSION

- Discussion on converting your company to a Plc
- Discussion on limitations in accessing finance
- Discussion on who are your investors and what are the projects that you are outsourcing vs. funding your projects
- Attracting Institutional Investors to Invest in your Company





Q & A