Rules on Management of Unclaimed Securities Entitlements via Demat Suspense Accounts

Maldives Securities Depository

Effective date: 10 June 2025

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1. Objective

These Rules are established by the Maldives Securities Depository (MSD) under the regulatory oversight of the Capital Market Development Authority (CMDA) to provide a standardized and legally compliant mechanism for managing unclaimed securities entitlements, including bonus shares, rights shares, and stock splits, issued by listed companies in the Maldives.

Currently, the Companies Act of the Maldives (Law No. 7/2023) and the Listing Rules of the Maldives Stock Exchange (MSE) provide the overarching legal framework for securities issuance and shareholder rights. However, there are no specific provisions within these laws or existing CMDA regulations explicitly addressing the treatment of unclaimed securities entitlements, particularly for cases where shareholders fail to open or maintain valid accounts with the Maldives Securities Depository (MSD).

The MSE Listing Rules require all listed issuers to ensure securities, including corporate action entitlements, are issued in dematerialized form through MSD accounts. Where eligible shareholders do not provide valid account information by the record date, the MSE Listing Rules imply the necessity for an alternative holding mechanism, to be implemented by MSD. This Rule thus establishes the procedural and governance framework to manage such unclaimed securities entitlements in a transparent, accountable, and investor-protective manner.

By codifying the management of unclaimed securities entitlements, these Rules aim to:

- Ensure fair treatment of all shareholders, while safeguarding their ownership rights pending claim;
- Prevent indefinite suspension of unclaimed entitlements and associated corporate benefits (such as dividends and bonus shares);
- Clarify the process for issuers and registrars to transfer such entitlements to a Demat Suspense Account held with MSD;
- Facilitate compliance with regulatory requirements and protect the integrity of the Maldives capital market;
- Provide a clear legal basis for the transfer of unclaimed securities to a designated fund or public trustee after a defined period, as maybe prescribed by CMDA.
- This preamble, together with the detailed provisions herein, is intended to align with the Companies Act 2023, MSE Listing Rules, and future regulatory frameworks to be issued by CMDA for comprehensive management of unclaimed securities.

2. Scope

This Rules applies to:

- All listed issuers of securities on the Maldives Stock Exchange (MSE);
- Registrars operating on behalf of listed issuers;
- The Maldives Securities Depository (MSD);
- Shareholders of listed companies who have not opened MSD accounts as of the record date for a corporate action.

3. Establishment of Demat Suspense Account

3.1. Account Setup

- Each issuer shall open a Demat Suspense, solely for the purpose of holding unclaimed securities entitlements.
- Demat Suspense Account opening request to MSD shall be made by the Issuer through a formal letter or by Board Resolution if a new MSD Account.

3.2. Conditions for Transfer

- Securities shall be credited to the suspense account if the entitled shareholder:
    - Has not provided a valid MSD account number by the record date of the corporate action;
    - Has failed to respond to three written requests by the issuer to provide demat details;
    - Has not claimed previously issued securities due to returned or unexecuted delivery.

4. Rights and Restrictions on Securities in the Suspense Account

4.1. Ownership

- The shareholder retains full ownership of the securities and may claim them at any time, subject to proper identification and verification.

4.2. Voting Rights

- Voting rights on securities held in the suspense account shall remain frozen until the rightful owner claims and transfers them to their personal depository account.

4.3. Corporate Benefits

- Dividends, bonus shares, or other corporate benefits accruing on securities in the suspense account shall also be held on Trust by the Issuer in accordance with applicable laws and regulations

5. Claim and Transfer Procedure

5.1. Shareholder Entitlement

- A shareholder may submit a request to claim securities held in the suspense account by providing:
    - Proof of identity;
    - Proof of ownership (share certificate or registry entry);
    - Valid MSD account number.

5.2. Verification and Approval

- MSD shall verify the claim within 07 business days and transfer the securities to the shareholder's demat account.

6. Recordkeeping and Disclosures

6.1. Issuer Obligations

- Issuers shall maintain detailed records of:
    - Shareholders whose entitlements are in the suspense account;
    - Efforts made to obtain demat account details;
    - Claims processed and transfers completed.

6.2. Public Disclosures

- The status of the Demat Suspense Account must be disclosed in the annual report of the issuer, including:
    - Number of shareholders;
    - Aggregate number of securities;
    - Movement during the year;
    - Unclaimed securities pending transfer.

7. Effective Date and Authority

- This Rules shall come into force upon formal publication by MSD following approval by the Capital Market Development Authority (CMDA).
- MSD shall be the authority for interpretation and enforcement of this Rules.

MALDIVES SECURITIES DEPOSITORY COMPANY PVT. LTD.
Registry Number C-85/2008

Appendix A – Sample Shareholder Notice for MSD Account Submission

[Company Letterhead or Letterhead]

Date: [Insert Date]

To: [Name of Shareholder]

Address: [Shareholder Address]

Subject: Request for MSD Account Details to Process Securities Entitlement

Dear Shareholder,

We are pleased to inform you that you are entitled to receive [**Bonus Shares / Rights Shares / Stock Split**] in respect of your shareholding in **[Company Name]**, as per the corporate action with **Record Date: [Insert Date]**.

However, our records indicate that you **do not have an active securities account registered with the Maldives Securities Depository (MSD)**. As per the Listing Rules of Maldives Stock Exchange, [**Bonus Shares / Rights Shares / Stock Split**]securities can only be issued in **dematerialized (demat) form** and require a valid MSD account.

Action Required

To enable us to credit your [bonus/rights] entitlement, kindly:

1. **Open a securities account** with the Maldives Securities Depository (MSD), if not already opened.
2. Provide us with your **MSD Account Number** by completing and returning the form below, along with a copy of your National ID Card or Passport for identity verification.

Response Form (to be returned within [e.g., 30] days)

Name: ________________________________
Shareholder ID (if known): _______________
MSD Account Number: ___________________
Mobile Number / Email: __________________

☐ I hereby confirm that the above MSD account is in my name and request that my securities entitlement be credited accordingly.

☐ I authorize [Company Name] and its authorized agents to update my shareholder records with the above information.

Signature: ___________________
Date: _________________________

Important Notes

- If you fail to provide the required information by **[Insert Deadline Date]**, your entitlement will be temporarily held in a **Demat Suspense Account** opened by the Company with MSD, until you claim the same.
- You may claim your shares at any time in the future upon submission of valid documentation.

For assistance, please contact us at:

Registrar/Share Department Contact: [Insert phone/email]

Website: [Insert company or MSD website]

We thank you for your attention and cooperation.

Yours sincerely,
[Authorized Signatory]
[Title]
[Company Name]