

Trading Policy of the Maldives Stock Exchange

Eligibility of a Dealer for Trading

1. A dealer is eligible to trade on the MSE provided he:
 - a) is a Clearing member of MSD;
 - b) is not otherwise barred by CMDA or MSE.

Trading sessions

2. Trading sessions shall take place on every business day except bank holidays.

Pre-Opening Session (08:30 - 9:00 am):

3. Only Order entry, deletion/modification of orders is permitted during this period. Orders shall not be executed during this session. The previous day's closing price (last traded price) will be available to the brokers during this session.
4. Orders shall be entered by the broker representatives of the Dealing companies from terminals in their offices
5. The orders will be executed on a time price and time priority basis.

Opening Session (9:00 am)

6. During this session Matching of orders shall be done at opening price. The opening price of a security shall be the price at which the maximum number of shares will trade. (e.g. a single price auction will be executed)
7. In the event of there being no trade for certain securities, then the last closing (traded) price for the security shall be made the opening price for the day.
8. No order entry shall be permitted during this session.
9. Unmatched orders are carried forward to the next session.

Continuous Trading Session: (9:00 am – 12:00 pm):

10. Orders shall be executed during this session and if an order cannot be executed then it will be stored as a pending order.
11. Pending orders from the pre-opening session shall be carried forward with time stamp to this session.

Closing Session (12: 00 – 12:30 pm)

12. No orders shall be received during this session.
13. The closing price for a security shall be the last **traded price** for the closing session. If there has been no trade in the security during the continuous trading session the opening price of the security shall be treated as the closing price.
14. All pending orders except the expired (1 month) ones shall be carried forward to the following Trading Day.

Trade alterations

15. Alterations to a trade will be penalized with a penalty of Rf 1000 and other penalties may be imposed from time to time as decided by the Board of Directors of MSE. However stock name, price and quantity cannot be changed.
16. Cancellation of any trade is subject to the agreement of both parties and the approval of the MSE. The MSE may, at its absolute discretion refuse to allow a cancellation and shall not agree to such a cancellation if it considers that the trade was not a result of an error but was an attempt to manipulate the market.

All trades to be settled

17. It is the responsibility of each dealing company to endeavour to provide funds to settle executed bought transactions on the due date (T + 2), regardless of whether or not the customer has provided funds.

Order Types

Limit Order

18. A Limit Order is the order in which the buying price or selling price for a certain quantity of particular security is specified.

Market order

19. Market Order is an order to buy or sell a certain quantity of particular security at the best price or prices prevailing in the market at that point of time.
20. Market Orders will be in the following categories.
 - a) **Full Fill or Kill (FOK):** - a FOK order is the order that will match for a trade at the Market Price only if the total quantity is available.
 - b) **Partial Fill Rest Kill (PFRK):** a PFRK order is the order that will match for a trade at the Market Price for the quantity available in the market. The balance quantity, if any, will be deleted from the system.
 - c) **Partial Fill Rest Convert (PFRC):** a PFRC order is the order that will match for a trade at the market price for the quantity available in the market. The balance quantity, if any, will be converted to a Limit Order at the last traded price.

Order Modification or Cancellation

Amend Order

21. The price, volume, retention & client ID of an order can be changed prior to execution, or for any unexecuted portion of an order. Amend orders will be entered by the broker and will have the effect of changing the date and time of the order to the time the amendment is entered.

Cancellation of Orders

22. Orders can be cancelled at any point prior to execution. All orders shall be automatically deleted once their time condition has expired. (1 Months)

Order Matching

23. During the trading day MSE will match orders with existing opposite type of orders which have the best price. Pending orders are required to be matched in the following sequence:
 - a) Best Price
 - b) within Price, by time priority.
24. The best buy order will match with the best sell order. The best buy order for a seller is the one with highest price and the best sell order for a buyer is the one with lowest price. An order may match partially with another order resulting in multiple trades.
25. If a buy order is entered with a better price than the best sell order already in the market, then the orders will match at the selling order price. If a sell order is entered at a better price than the best buy already in the market, then the orders will match at the buy order price.

Suspension of Trading

26. The MSE may, for the protection of investors or for the conduct of orderly and fair trading:
 - a) Subject to CMDA prior approval cancel a trading session or defer or re-schedule the start of a trading session and advise all dealing companies of such a change;
 - b) Subject to CMDA prior approval suspend a trading session if it considers that it is in the best interests of the market to do so.
27. The MSE shall suspend trading in an individual security:
 - a) if requested to do so by the CMDA;
 - b) if requested to do so by a company, prior to a books close date for a sufficient period to ensure orderly trading and settlement.
28. The MSE senior management will have the authority to suspend or permit the resumption of trading of specific securities with the approval of CMDA.