Expectations by 2013

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THE MALDIVES
FINANCE FORUM 2012
Fostering Long-term
Economic & Social Development

Morning speakers

Welcome and Introductory Remarks

Athifa Ali, Chairperson, Maldives Pension Administration Office

Keynote

Dr. Fazeel Najeeb, Governor Maldives Monetary Authority

Maldives Pension System, Governance, Investment Policy, Challenges

Mohamed Hussain Maniku, Chief Executive Officer, Maldives Pension Administration Office

Long Term Financing for Economic and Social Development, Role of Pension Fund

Bandhu Ibrahim Saleem, Local Industry Expert

Operation of Capital Markets and Financial Instruments

Dr. Susan Thomas, Assistant Professor,
Indira Gandhi Institute of Development Research

Social Security, The Singapore Experience

Don Yeo, Deputy Chief Executive Officer, Policy & Corporate Development, Central Provident Fund Board, Singapore

Panel Discussion p.m.

Hon. Ahmed Mohamed, Minister of Economic Development

Dr. Fazeel Najeeb, Governor, Maldives Monetary Authority

Baseer Wahab, Country Manager, Habib Bank Limited

Mohamed Ali Janah, President, Maldives Association of Construction Industry

Ahmed Inaz, Former Minister of Finance and Treasury

Hon Ahmed Adheeb Abdul Ghafoor, Minster of Tourism, Arts and Culture

Points from today's discussion and presentations

Fees and charges

MPAO charges 1% of MRPS assets as a fee, which pays for

MRPS Third Party Costs	MRPS costs absorbed by MPAO	Additional costs of MPAO
Future external Asset Management	Current Asset Management	General Corporate expenses
Custody	Risk Management	Premises
Bank Charges	Fund Accounting	Staff Costs
Settlement Costs	Recordkeeping and Administration	Accounting
Brokerage, Transaction Costs	Hardware, Software	Auditing
Statutory Audit	IT Maintenance and Development	Training
Accounting	Accounting	
	Internal Audit	
	Publicity, Promotion	
	Investment Compliance	
	Employer Compliance	
	Payment of Pensions	
	Third Party Fund Accounting costs	
	Third Party Financial Research	

For the Maldives Retirement Pension Scheme

Who are the Stakeholders?

Employers

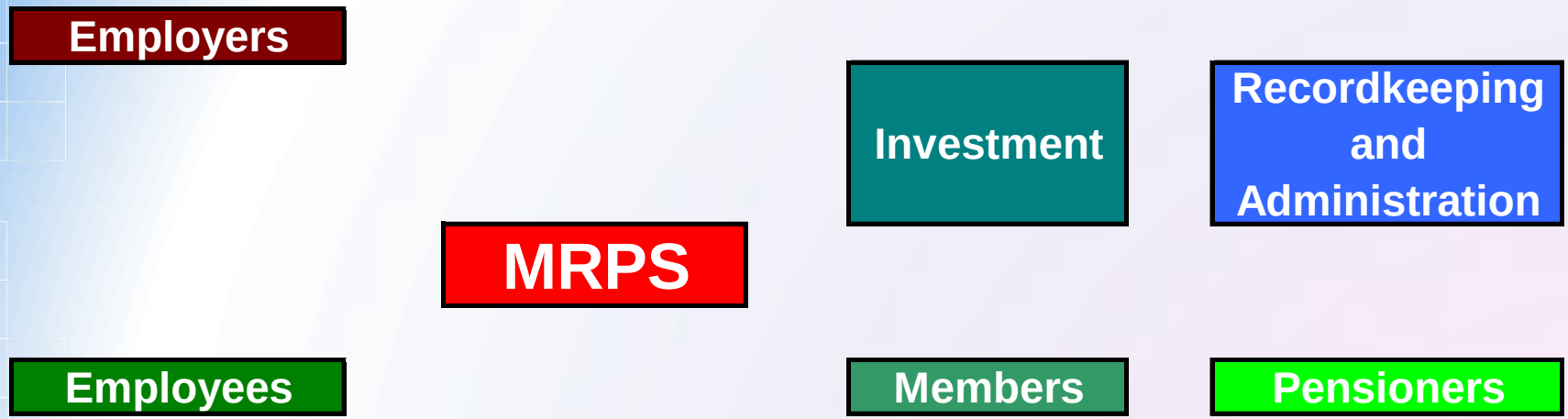
MRPS

Employees

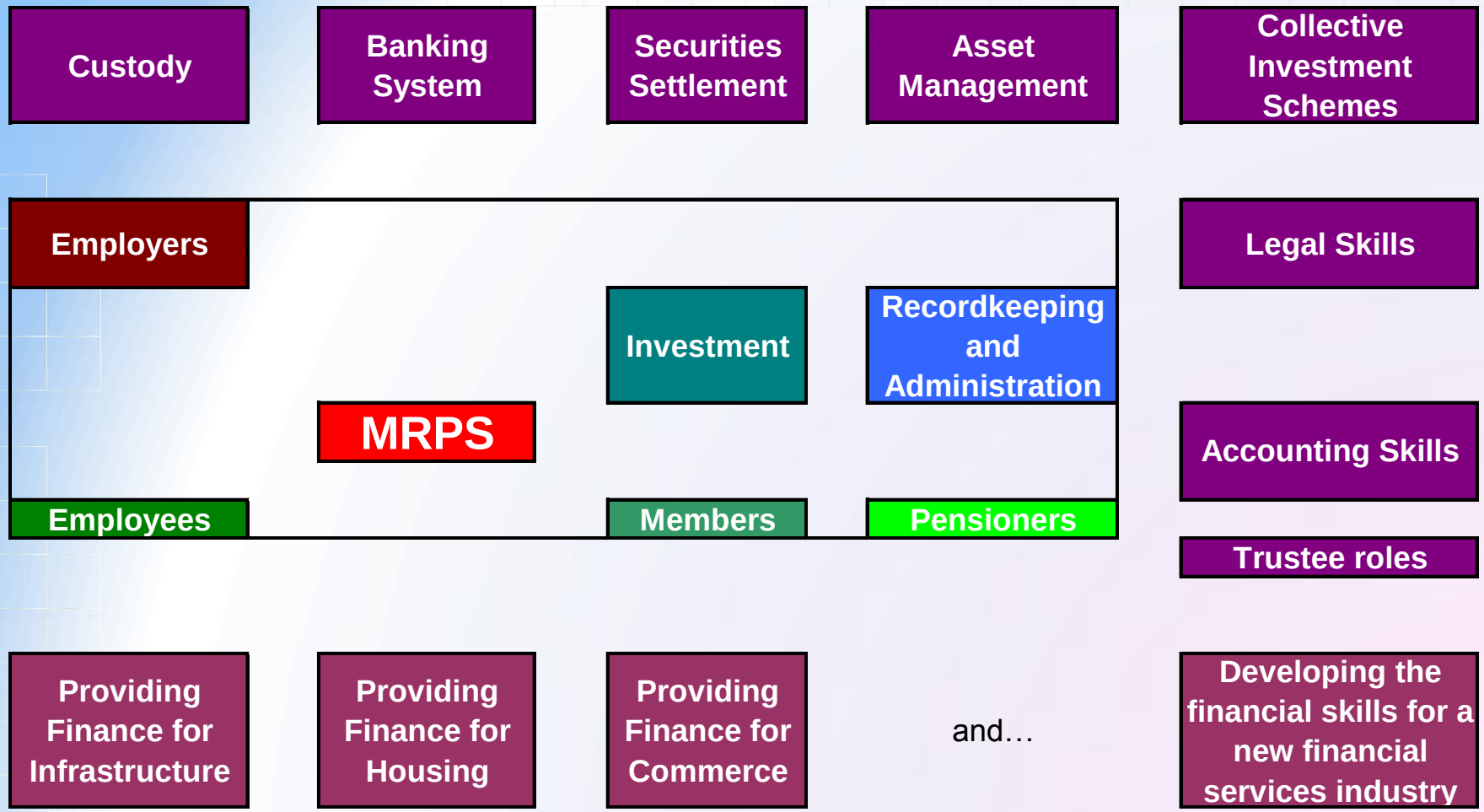
Members

Pensioners

The Maldives Retirement Pension Scheme has a few more elements



And the other beneficiaries



So what could and should happen by 2013, MRPS

- Reduce Maldives Retirement Scheme's dependence on Government Treasury Bills
- Diversify the portfolios into corporate bonds
- Secure better long term returns

- Corporate Bonds
- Three to five year maturity

Legislative 2012 and 2013 Timetable

- Review impact of Companies Act, and to amend it
  - Allow all companies to issue corporate debt
  - Debt above a certain level subject to certain conditions
    - Issuing a prospectus, no requirement to be listed
    - Subject to guidelines and approval process by CMDA, in separate legislation
- Amend Pension Act
  - Allow original legislative intent of reasonable investment policy, allowing domestic bond investment subject to above.
- CMDA
  - Establish own criteria, remove requirement for bonds to be listed.

And for MRPS Internal Guidelines

Establish MRPS necessary criteria for investing in bonds, including the relevance of

- A Credit Rating
- Guarantees by group companies, or Government
- Size of issue
- Terms of issue
- Put and Call characteristics, fixed and variable coupons
- Repayment on certain events, such as change of control, change of business, interest and payment cover
- Limit of future issues and their terms

Governance at MPAO by end 2013

For MPAO to adhere to The CFA Institute Centre for Financial Market Integrity's Code of Conduct for Members of a Pension Scheme Governing Body

Adopting the code:

- Establishes an ethical framework for governing board members
- Shows commitment to the best interests of pension participants and beneficiaries

Governance at MPAO by end 2013

For MPAO as MRPS' Asset Manager to adhere to The CFA Institute Centre for Financial Market Integrity's Asset Manager Code of Professional Conduct

This outlines the ethical and professional responsibilities of firms that manage assets on behalf of clients. It provides standards and supportive guidance based on general principles of conduct.

Sharia Compliant Investment

- Limited opportunities currently
- Current investment returns around 2½% per annum

- Looking at further investment opportunities, in Government securities

Non Maldivian Nationals

- Current law - Mandatory contribution by April 2014
- Employer may register them to make voluntary contributions, which must total 14%
- Employee can take voluntary contributions as they leave Maldives, but not the mandatory contributions.

Discussion point

- Approach that they be voluntary, not mandatory.
  - Lower employer costs of employing foreigners

Thank You