DEPOSIT INSURANCE SCHEME REGULATION
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DEPOSIT INSURANCE SCHEME REGULATION

Introduction and citation 1. (a) This Regulation is issued pursuant to Section 62 and 66 of the Maldives Banking Act (Law No. 24/2010).

(b) This Regulation shall be cited as the ‘Deposit Insurance Scheme Regulation.’

Commencement 2. This Regulation shall come into effect from 24th August 2015.

Deposit Insurance Scheme 3. In order to maintain a stable financial system and to protect the rights of depositors, there shall be established a scheme to be called the “Deposit Insurance Scheme.”

Membership of the Scheme 4. Every deposit-taking bank shall be a member of the Scheme.

Exemption from Scheme membership 5. (a) A bank may apply in writing to MMA, requesting to be exempted from the requirement under section (4) to be a member of the Scheme. Upon receipt of the application and the required information, and after considering the factors in subsection (c), MMA may exempt the applicant from the requirement to be a member of the Scheme.

(b) The applicant shall submit all information and documents required by MMA in relation to the application referred to in subsection (a) of this section.

(c) MMA shall make a decision on any application submitted under subsection (a) of this section after considering the following:

(1) the scope of deposit-taking business conducted in Maldives by the applicant;

(2) where the applicant is a branch of a foreign bank, whether the deposits accepted by the branch in Maldives are insured by a deposit insurance scheme or any other scheme of a similar nature, established and maintained in another jurisdiction, and the scope and level of protection provided by the foreign scheme.

(d) MMA may, when granting or after granting any exemption under subsection (a), impose on the bank any conditions or restrictions relating to the exemption; and may add to, vary, or revoke any of the conditions or restrictions so imposed.

(e) MMA may withdraw the exemption granted to any bank under subsection (a) if the bank fails to comply with any condition or restriction imposed under subsection (d) or
If MMA considers it necessary to do so in the public interest.

**Insured deposits**

6. (a) Insured deposits of member banks shall consist of current, time and savings deposit liabilities, as well similar deposit liabilities accepted under Islamic banking norms; up to rufiyaa 30,000 (thirty thousand) or its equivalent in foreign currency deposits per depositor out of his total deposits at each member bank. Insured deposits shall exclude the deposit liabilities listed in subsection (b).

(b) The following deposit liabilities shall not be insured:

1. Deposit liabilities to member institutions.

2. Deposit liabilities to the Government of the Maldives inclusive of Ministries, Departments and Local Governments.

3. Deposit liabilities to shareholders, directors, key management personnel and other related persons as defined by the MMA.

4. Deposit liabilities held as collateral against any accommodation granted.

**Establishing and managing the Deposit Insurance Fund**

7. (a) MMA shall establish and manage a fund under the Deposit Insurance Scheme, titled “Deposit Insurance Fund.”

(b) The Fund shall consist of -

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<td>(1)</td>
<td>all initial contributions under section (9) and all premium contributions and late payment fees paid under this regulation by the member banks;</td>
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<td>(2)</td>
<td>any interest, income or any other gain derived from the investment of the moneys in the Fund;</td>
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<td>(3)</td>
<td>all payments made to the Fund from moneys recovered from or out of the assets of a failed member bank, as a reimbursement of payments made to insured depositors of the failed bank from the Fund;</td>
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<td>(4)</td>
<td>borrowings and contributions from the MMA or the Government; and</td>
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<td>(5)</td>
<td>all other moneys lawfully paid into the Fund with the approval of the Authority.</td>
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The moneys in the Deposit Insurance Fund shall be used for the following purposes only:

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<td>1</td>
<td>for compensation payments to the insured depositors under this Regulation;</td>
</tr>
<tr>
<td>2</td>
<td>for investment of the moneys in the Funds; and</td>
</tr>
<tr>
<td>3</td>
<td>for operational and management expenses of the Fund;</td>
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**Investments of moneys in the Fund**

The Authority may invest all or part of the moneys in the Funds in the following:

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<td>1</td>
<td>Maldivian Government Securities;</td>
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<tr>
<td>2</td>
<td>Such other assets or investments as decided in a policy of the Board of Directors of MMA.</td>
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**Initial contribution**

(a) Every member shall pay to the Deposit Insurance Fund an initial contribution equivalent to 0.5 (one-half of one) percent of the total insurable deposits, by such date and in such manner as required by the MMA.

(b) The initial contribution with respect to insurable foreign currency deposits under subsection (a) shall be made in equivalent Rufiyaa.

**Annual premium**

(a) Unless otherwise determined by the Authority, the annual premium contribution to be paid to the Deposit Insurance Fund, shall be as follows:

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<td>if the total capital adequacy ratio of the bank is 15 percent and above, 0.100 percent per annum of its insurable deposits.</td>
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<tr>
<td>2</td>
<td>if the total capital adequacy ratio of the bank is below 15 percent, 0.125 percent of insurable deposits per annum.</td>
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The annual premium with respect to foreign currency deposits shall be paid to the Fund in equivalent Rufiyaa.
Unless otherwise determined by the MMA; the capital adequacy ratio referred to in section (a) shall be calculated as of the end of December of the preceding year; and the insurable deposits referred to in section (a) shall be calculated on deposit balances at the end of 15th December of the preceding year. Member banks shall submit the details of deposits and calculation of capital adequacy ratio to the MMA by end of January each year; verified as to accuracy with the signatures of bank’s external auditors and the chief executive officer or Manager in charge of the bank.

Unless otherwise determined by the MMA, member banks shall remit the applicable amount of premium under subsection (a) to the account of the Deposit Insurance Fund before the end of January every year.

In the event of a delay in payment of the premium, a penalty will be levied on the unpaid amount per day, at a per annum rate calculated by adding an amount not exceeding 200 basis points to the prevailing 91 days treasury bill rate. The amount of penalty charged per day shall not exceed Rufiyaa 100,000 (one hundred thousand), and the total penalty charged shall not exceed 5 (five) percent of the member bank’s paid up capital.

Compensation on Insured Deposits

(a) Compensation on insured deposit liabilities of a member bank will be paid only when the licence of the member bank is cancelled by the MMA or when a receiver is appointed to the member bank under law no. 24/2010 (Maldives Banking Act).

(b) The decision to cancel the licence of a member bank or to appoint a receiver to a member bank shall be published by the MMA in the Government Gazette.

(c) Within 1 (one) month from the publishing of MMA’s decision to cancel a member bank’s licence or appoint a receiver to a member bank; MMA shall pay compensation to the insured deposits up to the limits specified in this Regulation.

(d) The compensation payable in respect of insured deposits of a member bank will be computed on a “per-depositor” basis, consolidating all deposits of each insured depositor, inclusive of any interest accrued and net of any dues from the depositor to the member bank as at the date of the cancellation of licence or appointment of a receiver. Compensation will be paid in equivalent Rufiyaa for foreign currency deposits, and the compensation paid per depositor shall not exceed...
When consolidating the balances due to an insured depositor as referred to in subsection (d); balances in the depositor’s sole proprietor accounts, and the depositor’s share in any joint deposit held with 2 or more persons, will also be consolidated. Where an insured depositor holds a joint deposit with 2 or more insured depositors, each depositor shall be deemed to have an equal share in the insured deposit unless there is an express provision to the contrary in the books of the failed member bank.

Any compensation paid to depositors of a member bank by the Deposit Insurance Fund shall be accounted in the books of the member bank as its deposit liability to the Deposit Insurance Scheme, while redeeming the deposit liabilities due to the respective depositors by an equivalent amount.

### Maintenance of books and accounts of the Fund

12. **(a)** The MMA shall maintain books, accounts and statements relating to financial transactions of the Fund in line with internationally accepted accounting standards.

12. **(b)** At the end of each calendar year, MMA shall prepare financial statements on income and expenses, assets and liabilities, cash flows. The financial statements shall be audited by an external auditor.

### Submission of information

13. Each bank shall submit to the MMA; information, records and reports, in such form and detail, and at such timings as required by the MMA.

### Definitions

14. In this Regulation, unless otherwise specified:

“Authority” or “MMA” means the Maldives Monetary Authority established under the Maldives Monetary Authority Act (Law no. 6/81).

“Member bank” or “member” means the members of the Deposit Insurance Scheme established under this Regulation.

“Bank” means a bank licensed under law no. 24/2010 (Maldives Banking Act).

“Scheme” or “insurance scheme” means the Deposit Insurance Scheme established under this Regulation.
“Fund” means the Deposit Insurance Fund established under this Regulation.