



**MALDIVES MONETARY AUTHORITY ACT 1981
LAW NO. 6/81**

(Consolidated version)

TABLE OF CONTENTS

CHAPTER I - PRELIMINARY	4
Short title and introduction	4
Definitions	4
CHAPTER II – FUNDAMENTAL PROVISIONS	8
Establishment and perpetuity of the Authority	8
Primary objectives of the Authority.....	9
Places of business.....	9
Responsibilities, composition and other matters relating to the Board	9
Powers and functions of the Board.....	14
Powers and functions of the Governor.....	16
Responsibilities of the Governor and Deputy Governor	17
Remuneration and resignation of the Governor, Deputy Governor, members of the Board and the Secretary, and appointment of employees.....	17
Immunity of the Governor, Deputy Governor, Board and employees of the Authority.....	19
Conflict of interest	19
Confidentiality.....	20
CHAPTER III – MALDIVIAN CURRENCY	21
Unit of Maldivian currency	21
Issue of currency	21
Banknotes and Coins	21
Legal Tender	22

Certification of authenticity of Banknotes and Coins, and counterfeit currency	22
Withdrawal of Banknotes and Coins	23
Non-refundable Banknotes and Coins, and reproduction of currency	24
CHAPTER IV – FUNCTIONS AND FINANCIAL PROVISIONS.....	24
Power of the Authority to carry out its functions	24
External Reserve	25
Functions of the Authority	26
Buying and selling rates of gold and foreign currency	30
Matters related to foreign exchange.....	30
Credit information system	31
Government Securities market	32
Issuing Securities of the Government or public authority or state-owned company.....	32
Regulating and supervising the Government Securities market.....	33
CHAPTER V – CAPITAL, PROFIT AND RESERVES.....	34
Capital	34
Profit	35
General Reserve	35
Revaluation Reserve Account	35
CHAPTER VI - RELATIONS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS	36
Licensing of sectors and Non-Bank Financial Businesses regulated by the Authority.....	36
Submission of information and reports, and supervision of Non-Bank Financial institutions	38
Required reserves of financial institutions.....	38

Principles governing granting benefit, service charge & credit.....	39
Local Assets ratios	40
Foreign working balances.....	40
Record retention by Non-Bank Financial Institutions	40
Financial consumer protection and dispute resolution.....	40
CHAPTER VII - MISCELLANEOUS PROVISIONS	41
Annual financial statements and reports.....	41
Collection of statistics	42
Fee and charge.....	42
Issuing regulations and Instructions	43
Administrative actions and enforcement measures	44
Penalty	46
Notes.....	47
Amendments made to the Maldives Monetary Authority Act 1981	47

MALDIVES MONETARY AUTHORITY ACT 1981

This Act is enacted in order to make provision for the establishment of the Maldives Monetary Authority and to provide for matters incidental thereto and connected thereto. It is hereby enacted as follows: -

CHAPTER I - PRELIMINARY

Short title and introduction 1. This Act shall be cited as the “Maldives Monetary Authority Act 1981”. The President may designate different dates for the commencement of specific provisions of this Act.

Definitions 2. In this Act, unless the context otherwise requires: -

“Asset” means anything of value that is owned;

[Act 2 of 2007 wef 05/04/2007]

“Authority” or “MMA” means the Maldives Monetary Authority established pursuant to the Law No. 6/81 (Maldives Monetary Authority Act 1981);

[Act 2 of 2007 wef 05/04/2007]

“Bank” shall have the same definition provided in the Law No. 24/2010 (Maldives Banking Act);

[Act 2 of 2007 wef 05/04/2007]

[Act 23 of 2015 wef 17/08/2015]

“Banking Business” shall have the same definition provided in the Law No. 24/2010 (Maldives Banking Act);

[Act 2 of 2007 wef 05/04/2007]

[Act 23 of 2015 wef 17/08/2015]

“Non-Bank Financial Business” means any financial business other than Banking Business. This includes businesses that do not fall within the Banking Business such as investment banking business or merchant banking business or development banking business, or Securities Business, or insurance business, or investment advisory business, or financing business, or remittance business, or money changing business, or any business providing payment services including issuing electronic money or any other payment instruments and acquiring of payment transactions, or business of operating any type of payment instruments or any payment and settlement system, or asset management

business, or any other financial activity or business determined by the Authority;

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

“Non-Bank Financial Institution” means any party licensed or permitted under this Act to conduct a Non-Bank Financial Business;

[Act 23 of 2015 wef 17/08/2015]

“Bill of Exchange” means an unconditional order in writing addressed by one party to another, requiring the party to whom it is addressed to pay on demand or at a fixed date or determinable future time, a sum certain in money to or to the order of a specified party or to the bearer;

[Act 2 of 2007 wef 05/04/2007]

“Board” means the board of directors of the Authority;

[Act 2 of 2007 wef 05/04/2007]

“Bullion” means gold and silver in bars or in mass and large quantities of gold, silver and other metal coins especially when considered by weight;

[Act 2 of 2007 wef 05/04/2007]

“Cheque” means an written order, which is signed and issued by the drawer, to a banker, requiring the banker to pay unconditionally and on demand a sum certain in money, to the party specified, or to the order of the drawer, or to the bearer;

[Act 2 of 2007 wef 05/04/2007]

“Clearing House” means a place where Banks located in the same place come together to facilitate the exchange of Cheques, drafts and Banknotes among themselves;

[Act 2 of 2007 wef 05/04/2007]

“Governor” means the Governor specified in section 6(2)(a) of this Act and elsewhere in this Act;

[Act 2 of 2007 wef 05/04/2007]

“Deputy Governor” means the Deputy Governor specified in section 6(2)(b) of this Act and elsewhere in this Act;

[Act 2 of 2007 wef 05/04/2007]

“Discount” means an amount deducted from the principal amount for the buyer, or to deduct from the principal amount;

[Act 2 of 2007 wef 05/04/2007]

“External Reserve” means types of determined assets usually gold, SDRs and foreign claims due to the Maldives;

[Act 2 of 2007 wef 05/04/2007]

“SDR” means the Special Drawing Rights of the International Monetary Fund;

[Act 2 of 2007 wef 05/04/2007]

“External Transaction” means any inward or outward foreign currency transactions to or from the Maldives;

[Act 2 of 2007 wef 05/04/2007]

“Executive Officer” means a person who is an employee of an institution, who regardless of title, participates in policy-making functions or is responsible for any material portion of the business activities of the institution; The term includes the members of the board of directors, managing director, chairperson and vice chairperson of the board of directors, chief financial officer, chief executive officer, general manager, person in-charge of lending, and treasurer;

[Act 23 of 2015 wef 17/08/2015]

“Financial Institution” means a party carrying out a Banking Business or Non-Bank Financial Business;

[Act 2 of 2007 wef 05/04/2007]

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

“Fiscal Agency” means the body that operates and oversees all financial matters;

[Act 2 of 2007 wef 05/04/2007]

“General Reserve” means the general reserve that is established pursuant to section 27 of this Act;

[Act 2 of 2007 wef 05/04/2007]

“Government” means the Government of the Maldives;

[Act 2 of 2007 wef 05/04/2007]

“Acting as a Primary Dealer of Government Securities” means engaging in buying of Government Securities directly from the issuer or its agent, for the purpose of reselling it to other parties;

[Act 32 of 2020 wef 24/12/2020]

“Insurance” means carrying out the business of providing life insurance and general insurance, with the acceptance of insurance premiums and investing of the income received from insurance premiums and insurance business;

[Act 2 of 2007 wef 05/04/2007]

“Legal Tender” means anything issued and in circulation as currency which is lawfully acceptable for payment, and which must be accepted by the party to whom it is tendered;

[Act 2 of 2007 wef 05/04/2007]

“Liability” means anything that is owed to another party;

[Act 2 of 2007 wef 05/04/2007]

“Ministry of Finance” means the Ministry of Finance of the Maldivian Government;

[Act 2 of 2007 wef 05/04/2007]

“Monetary” means, of or relating to money or to the mechanisms by which it is supplied to and circulates in the economy;

[Act 2 of 2007 wef 05/04/2007]

“Banknote” or “Coin” means banknotes or coins issued under this Act to be used as currency;

[Act 2 of 2007 wef 05/04/2007]

“Overdraft” means money issued from a bank account of a party in excess of the amount deposited to the said bank account;

[Act 2 of 2007 wef 05/04/2007]

“Promissory Note” means a signed unconditional promise in writing, to pay at a fixed time, a sum certain in money, to the party specified, or to his order, or to the bearer;

[Act 2 of 2007 wef 05/04/2007]

“Re-discount” means re-sale of a Promissory Note or a Bill of Exchange by the buyer;

[Act 2 of 2007 wef 05/04/2007]

“Reserve” means money maintained in a bank’s own vault, or claims in money on deposit with compulsory or optional depositories;

[Act 2 of 2007 wef 05/04/2007]

“Secretary” means the secretary of the Board specified in section 6(14) of this Act and elsewhere in this Act, and who oversees the secretariat of the meetings of the Board;

[Act 2 of 2007 wef 05/04/2007]

“Securities Business” means arranging or guaranteeing the purchase of Securities for the issuer (Securities underwriting), the purchase or sale of Securities for third parties (Securities brokerage), and such Securities related businesses relating to the public;

[Act 2 of 2007 wef 05/04/2007]

“Security” means:

(1) a written instrument which is issued to the bearer or to the registered parties to be used as a medium for investment, not including Bill of Exchange, in Security exchange or in market or within a commonly recognised area;

[Act 2 of 2007 wef 05/04/2007]

(2) a written instrument evidencing mortgage or a pledge in respect of a loan;

[Act 2 of 2007 wef 05/04/2007]

“Treasury Bill” means a financial document of the government Discounted and sold at less than its face value.

[Act 2 of 2007 wef 05/04/2007]

CHAPTER II – FUNDAMENTAL PROVISIONS

Establishment and perpetuity of the Authority

3. This Act establishes the Authority named as the Maldives Monetary Authority. This Authority is established with perpetual succession and shall have an official seal. The Authority is an independent institution which may in its name, sue, be sued, enter into transactions, and as specified in this Act, receive, purchase, take

hold, hold and use, immovable property such as land and buildings, and any and all other types of property, and may assign, consign, relinquish, receive, mortgage, transfer rights or otherwise dispose of, or transact with such property.

[Act 2 of 2007 wef 05/04/2007]

Primary objectives of the Authority

4. The primary objectives of the Authority shall be:

[Act 32 of 2020 wef 24/12/2020]

(1) to maintain price stability conducive to the sustainable growth of the economy;

[Act 32 of 2020 wef 24/12/2020]

(2) without prejudice to attainment of the objective in subsection (1), to maintain financial stability; and

[Act 32 of 2020 wef 24/12/2020]

(3) without prejudice to attainment of objectives in subsections (1) and (2), to support the Government in achieving macroeconomic stability and economic growth.

[Act 32 of 2020 wef 24/12/2020]

Places of business

5. The Authority shall have its head office in Male' and may establish additional branches within Maldives as it may see fit.

Responsibilities, composition and other matters relating to the Board

6. (1) There shall be a Board responsible for determining the primary policies of the Authority.

[Act 2 of 2007 wef 05/04/2007]

(2) The Board shall consist of the following 7 (seven) persons:

[Act 2 of 2007 wef 05/04/2007]

(a) Governor;

[Act 2 of 2007 wef 05/04/2007]

(b) Deputy Governor;

[Act 2 of 2007 wef 05/04/2007]

(c) An employee from the Authority's economic sector or financial sector area;

[Act 2 of 2007 wef 05/04/2007]

[Act 32 of 2020 wef 24/12/2020]

- (d) An official of the Ministry of Finance designated by the Minister of Finance;

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (e) An appointee from the economic sector of the Government other than the Ministry of Finance;

[Act 2 of 2007 wef 05/04/2007]

- (f) 2 (two) appointees from the private sector, not representative of a Government office or a state-owned company, and who is of recognised standing and experience in the economic sector.

[Act 2 of 2007 wef 05/04/2007]

- (3) The Governor and Deputy Governor of the Authority shall be appointed and removed from office by the President with the consultation of the People's Majlis.

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (4) The members specified in subsections (2) (c), (d), (e) and (f) shall be appointed and removed by the President with the recommendation of the Governor.

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (5) The members appointed to the Board pursuant to subsections (2) (c), (d), (e) and (f) shall be persons capable of engaging in a meaningful manner in the discussions and determinations of the Board on financial and monetary policy.

[Act 2 of 2007 wef 05/04/2007]

- (5-1) The Governor and Deputy Governor appointed pursuant to subsection (3) and the other members appointed to the Board of the Authority pursuant to subsection (2), shall be at least 30 (thirty) years of age.

[Act 32 of 2020 wef 24/12/2020]

- (6) The Governor and Deputy Governor appointed pursuant to subsection (3), shall satisfy the following:

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 24/12/2020]

- (a) have at least 10 (ten) years of experience in the field of economics or finance or banking or business, and shall hold a university degree;

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (b) Have the work ethic and competency required to carry out the duties and responsibilities of his office;

[Act 2 of 2007 wef 05/04/2007]

- (c) not be an un-discharged bankrupt;

[Act 2 of 2007 wef 05/04/2007]

- (d) not be a person convicted for theft, misrepresentation, extortion, fraud, criminal breach of trust, bribery or negligence or against whom a breach of trust case has been filed by a Government agency and proven;

[Act 2 of 2007 wef 05/04/2007]

- (e) not be a person on the board of directors of a Financial Institution that falls under the regulatory jurisdiction of the Authority;

[Act 2 of 2007 wef 05/04/2007]

- (f) not be on the board of directors or hold any other office with a Financial Institution that falls under the regulatory jurisdiction of the Authority, nor hold more than 5% (five percent) of the shares of such Financial Institution either in his own individual capacity, or through a person representing him (associated person) or through a company in which he holds more than 5% (five percent) of the shares;

[Act 2 of 2007 wef 05/04/2007]

- (g) not be the chairperson or a member of the board of directors of a state-owned enterprise or private company;

[Act 2 of 2007 wef 05/04/2007]

- (h) not be a person engaged in employment with the Government or any other party;

[Act 2 of 2007 wef 05/04/2007]

- (i) not be a person elected to any post pursuant to any election specified in a law;

[Act 2 of 2007 wef 05/04/2007]

- (i-1) shall not be a member of the Cabinet;

[Act 32 of 2020 wef 24/12/2020]

- (j) shall not be a member of or active in a political party.

[Act 2 of 2007 wef 05/04/2007]

[Act 32 of 2020 wef 24/12/2020]

- (7) The Directors appointed to the Board pursuant to subsection (4) shall satisfy the following:

[Act 2 of 2007 wef 05/04/2007]

- (a) have at least 7 (seven) years of experience in the field of economics or finance or banking or business, and shall hold a university degree;

[Act 2 of 2007 wef 05/04/2007]

[Act 32 of 2020 wef 24/12/2020]

- (b) have the work ethics and competence required to carry out the duties and responsibilities of his office;

[Act 2 of 2007 wef 05/04/2007]

- (c) not be an un-discharged bankrupt;

[Act 2 of 2007 wef 05/04/2007]

- (d) not be a person convicted for theft, misrepresentation, extortion, fraud, criminal breach of trust, bribery or negligence or against whom a breach of trust case has been filed by a Government agency and proven;

[Act 2 of 2007 wef 05/04/2007]

- (e) not be a person on the board of directors of a Financial Institution that falls under the regulatory jurisdiction of the Authority;

[Act 2 of 2007 wef 05/04/2007]

- (f) not be on the board of directors or hold any other office with a Financial Institution that falls under the regulatory jurisdiction of the Authority, nor hold more than 5% (five percent) of the shares of such Financial

Institution either in his own individual capacity, or through a person representing him (associated person) or through a company in which he holds more than 5% (five percent) of the shares;

[Act 2 of 2007 wef 05/04/2007]

- (g) shall not be a person elected to any post pursuant to any election specified by law;

[Act 32 of 2020 wef 24/12/2020]

- (h) shall not be a member of the Cabinet;

[Act 32 of 2020 wef 24/12/2020]

- (i) shall not be a member of or active in, a political party.

[Act 32 of 2020 wef 24/12/2020]

- (8) Any business activities engaged in by the Governor, Deputy Governor or any other employee of the Authority shall be declared in writing to the Board. The Board shall by regulation provide for the disclosure of such business related information.

[Act 2 of 2007 wef 05/04/2007]

[Act 32 of 2020 wef 24/12/2020]

- (9) (a) The Governor appointed pursuant to subsection (3) shall be appointed for a term of 7 (seven) years.

[Act 2 of 2007 wef 05/04/2007]

[Act 32 of 2020 wef 24/12/2020]

- (b) The Deputy Governor shall be appointed for a term of 6 (six) years.

[Act 2 of 2007 wef 05/04/2007]

[Act 32 of 2020 wef 24/12/2020]

- (c) The members of the Board appointed pursuant to subsection (4) shall be appointed for a term of 5 (five) years.

[Act 2 of 2007 wef 05/04/2007]

- (10) Members appointed pursuant to subsections (3) and (4) shall be appointed for a maximum of 2 (two) terms.

[Act 2 of 2007 wef 05/04/2007]

- (11) The presence of 4 (four) members of the Board shall be deemed quorum of the Board.

[Act 2 of 2007 wef 05/04/2007]

- (12) A Board meeting shall be held at least once every 3 (three) calendar months. Additional Board meetings may be held as deemed necessary by the Governor, or by the Deputy Governor where the latter is carrying out the responsibilities of the Governor, for the proper operations of the Authority.

[Act 2 of 2007 wef 05/04/2007]

- (13) Board meetings shall be chaired by the Governor as chairperson of the Board, and in his absence by the Deputy Governor.

[Act 2 of 2007 wef 05/04/2007]

- (14) The Secretary for all Board meetings shall be a senior employee of the Authority, as determined by the Governor.

[Act 2 of 2007 wef 05/04/2007]

Powers and functions of the Board

- 6-1. The powers and functions of the Board are as follows:

[Act 32 of 2020 wef 24/12/2020]

- (1) define and adopt monetary policies; make appropriate decisions in relation to monetary objectives, key interest rates, the supply of currency in Maldives and other matters related to;

[Act 32 of 2020 wef 24/12/2020]

- (2) advise the President on the exchange rate regime;

[Act 32 of 2020 wef 24/12/2020]

- (3) determine policies in relation to the functions of the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (4) determine general policies in relation to the administration and operation of the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (5) exercise the powers stipulated in section 15 (1) and (2);

[Act 32 of 2020 wef 24/12/2020]

- (6) supervise the implementation of policies and exercise of the functions of the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (7) approve the regulations to be issued by the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (8) decide on the establishment and location of branches, representative offices and service centres of the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (9) approve the annual budget of the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (10) approve the annual report and annual financial statements of the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (11) appoint the external auditor of the Authority on a proposal of the Governor;

[Act 32 of 2020 wef 24/12/2020]

- (12) decide whether the Authority should take on debt in material amounts, and if so, the terms and conditions of such debt;

[Act 32 of 2020 wef 24/12/2020]

- (13) determine the categories of Assets that shall constitute the External Reserves in accordance with section 21 of this Act;

[Act 32 of 2020 wef 24/12/2020]

- (14) determine the categories of Assets that shall be suitable for investment of the Authority's financial resources;

[Act 32 of 2020 wef 24/12/2020]

- (15) determine the denominations of Banknotes and Coins, and matters relating to their issuance and handling;

[Act 32 of 2020 wef 24/12/2020]

- (16) establish one or more advisory bodies, determine the manner of appointment and eligibility criteria of the members and determine responsibilities of such body;

[Act 32 of 2020 wef 24/12/2020]

- (17) establish one or more committees consisting of only members of the Board, or of other persons who are not members of the Board, or of members of the Board and other persons, and determine the responsibilities of such committee;

[Act 32 of 2020 wef 24/12/2020]

- (18) adopt the procedural rules of the Board; and

[Act 32 of 2020 wef 24/12/2020]

- (19) any such powers or functions explicitly granted to the Board by this Act.

[Act 32 of 2020 wef 24/12/2020]

Powers and functions of the Governor

6-2. The powers and functions of the Governor are as follows:

[Act 32 of 2020 wef 24/12/2020]

- (1) The Governor shall propose monetary policies, exchange rate policies and the other policies of the Authority to the Board and shall implement such policies determined by the Board.

[Act 32 of 2020 wef 24/12/2020]

- (2) The Governor shall have the power to take all actions required or deemed advisable for the administration or operations of the Authority, including without limitation: the procurement of goods and services; entering into agreements on behalf of the Authority; appointing employees, consultants, advisors and agents of the Authority; and representing the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (3) The Governor shall have the power to take enforcement measures. Such measures shall include taking corrective actions, appointment of a receiver, or taking any administrative action set out in this Act or any other statute, against any Financial Institution regulated or supervised by the Authority or any regulated payment, clearing and securities settlement system or payment service providers.

[Act 32 of 2020 wef 24/12/2020]

- (4) The Governor shall be accountable to the Board for the implementation of the decisions of the Board as well as the administration and operations of the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (5) The Governor shall, at least once in each quarter, report to the Board on the conduct of the Authority's policies and operations, on the soundness of the financial system, and on the state of the money, capital, and foreign exchange markets, including all events and conditions that have or are expected to have a significant effect on the conduct of the policies of the Authority and on its administration or operations, on the financial system, or on the above-mentioned markets.

[Act 32 of 2020 wef 24/12/2020]

- (6) The Governor shall have such other powers and functions as explicitly granted by this Act. All powers under this Act that are not specifically reserved for the Board shall be vested with the Governor.

[Act 32 of 2020 wef 24/12/2020]

Responsibilities of the Governor and Deputy Governor

7. (1) The Governor shall manage and carry out the day to day activities of the Authority, in accordance with the policies determined by the Board. In the event of absence of Governor from office, all the responsibilities of the Governor shall be carried out by the Deputy Governor.

[Act 2 of 2007 wef 05/04/2007]

- (2) The Governor and the Deputy Governor shall be dedicated solely to carrying out work of the Authority and shall not hold other offices or employment with any other party.

[Act 2 of 2007 wef 05/04/2007]

Remuneration and resignation of the Governor, Deputy Governor, members of the Board and the Secretary, and appointment of employees.

8. (1) The determination of the salary and allowances to be paid to the Governor and Deputy Governor and the manner of resignation and their removal shall be as follows:

[Act 2 of 2007 wef 05/04/2007]

- (a) The salary and allowances to be paid to the Governor and the Deputy Governor shall be determined by the President with the consultation of the People's Majlis;

[Act 2 of 2007 wef 05/04/2007]

- (b) The salary and other financial and non-financial benefits payable to the Governor and to the Deputy Governor shall not be reduced during their term of office. This section does not prevent the increase of such salary and allowances;

[Act 2 of 2007 wef 05/04/2007]

- (c) Where the Governor or Deputy Governor of the Authority intends to resign from their position, they may resign by submitting their resignation, with reason, in writing to the President;

[Act 2 of 2007 wef 05/04/2007]

- (d) If the position of the Governor or the Deputy Governor becomes vacant for any reason, such vacancy shall be filled within 45 (forty five) days.

[Act 2 of 2007 wef 05/04/2007]

- (2) The salary and allowances of the members of the Board of Directors and the Secretary, apart from the Governor and the Deputy Governor appointed pursuant to this Act, shall be determined by the President upon the recommendation of the Governor.

[Act 2 of 2007 wef 05/04/2007]

- (3) Unless otherwise stated in this Act, employees, agents, consultants and advisors required by the Authority in carrying out its functions shall be appointed, granted promotions to and terminated by the Governor in accordance with the policies determined by the Board in line with the Law No. 2/2008 (Employment Act).

[Act 2 of 2007 wef 05/04/2007]

[Act 23 of 2015 wef 17/08/2015]

- (4) The salary and allowances to be given to the employees, agents, consultants and advisors of the Authority shall be determined by the Governor in accordance with the policies determined by the Board. The salary and allowances received by employees shall be such that qualified and competent persons can be recruited and retained.

[Act 23 of 2015 wef 17/08/2015]

- (5) The Authority may, in accordance with the policies determined the Board, grant loans to the employees of the Authority, for the following purposes:

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (a) for the purchase of a house, flat or land for residential use;

[Act 23 of 2015 wef 17/08/2015]

- (b) to construct a place for residential use of the employee and family, or to renovate the residential property;

[Act 23 of 2015 wef 17/08/2015]

- (c) to finance higher education of an employee or employee's child.

[Act 23 of 2015 wef 17/08/2015]

- (6) Where the Governor deems that based on the timing and circumstances, it is expedient to issue loans to employees of the Authority for purposes other than those stated in subsection (5), loans may be issued for such purposes. However, such loans shall not exceed an amount equal to 3 (three) months' salary of the employee and shall be provided in accordance with policies determined by the Board.

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

Immunity of the Governor, Deputy Governor, Board and employees of the Authority

- 9. The employees of the Authority shall be entitled to legal immunity as provided herein:

[Act 2 of 2007 wef 05/04/2007]

- (1) No member of the Board, employee, agent, or correspondent of the Authority shall be personally liable for any loss resulting from an action or inaction, related to the carrying out of his duties or any activity required pursuant to this Act, where such action or inaction was without bad faith and with reasonable diligence. Any expenses incurred by a member of the Board, employee, agent or correspondent of the Authority in connection with legal proceedings related to such a matter shall be borne by the Authority.

[Act 2 of 2007 wef 05/04/2007]

- (2) Except as provided in subsection (1), all liability upon conviction shall be borne by the respective member of the Board, employee, agent or correspondent of the Authority.

[Act 2 of 2007 wef 05/04/2007]

Conflict of interest

- 10. (a) No member of the Board shall, in the performance of his duties with respect to any matters governed by this Act, obtain or accept directions from any party from financial, agricultural, industrial, commercial or business sector, or any such other party. However, this does not restrict from

discussing matters with consultants and advisors appointed to advise the Board or the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (b) Members of the Board and employees of the Authority shall perform their duties and responsibilities without conflict of interest. A conflict of interest arises where a member of the Board or an employee has personal interests which may influence or appear to influence the impartial performance of his duties. Personal interest of members of the Board or employee mean any potential advantage for themselves, their spouses, their or their spouse's parents or siblings or children, or their circle of close friends or for someone who is commercially or financially affiliated with them.

[Act 32 of 2020 wef 24/12/2020]

- (c) No member of the Board or employee of the Authority shall accept any financial or non-financial benefit or incentive or gift that does not fit into general norms which may be perceived to have the potential to influence the performance of their duties and responsibilities.

[Act 32 of 2020 wef 24/12/2020]

- (d) If any member of the Board has a private or personal interest in a matter before the Board, the member shall disclose such interest prior to the commencement of the discussion and shall not participate in the discussion nor the decision making of such a matter. The member shall not be present while such a matter is discussed or determined. However, such member shall still be counted for the purpose of constituting the quorum.

[Act 32 of 2020 wef 24/12/2020]

- (e) The Authority may impose a fine of an amount between 10,000 (ten thousand) Rufiyaa and 1,000,000 (one million) Rufiyaa, on a party who contravenes any provisions of this section.

[Act 32 of 2020 wef 24/12/2020]

- Confidentiality** 11. (1) No party who serves or has served as a member of the Board or an employee or agent or consultant of the Authority, shall disclose to any party, any information relating to the affairs of the Authority or any Financial Institution or other party, which the party has obtained in the course of performing their duties or responsibilities, except for the purpose of the performance

of duties and responsibilities in Authority or when lawfully required to do so by a court.

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (2) Any party who contravenes the provisions of this section shall be guilty of an offence and liable on conviction to imprisonment or banishment or house arrest for a period not exceeding 2 (two) years, or a fine not exceeding 20,000 (twenty thousand) Rufiyaa, or to both such fine and such imprisonment or banishment or house arrest.

CHAPTER III – MALDIVIAN CURRENCY

Unit of Maldivian currency

12. The unit of currency of Maldives shall be the Rufiyaa, which shall be divided into 100 (one hundred) Laari.
13. *(This section has been deleted pursuant to Law No. 32/2020, with effect from 24 December 2020)*

Issue of currency

14. (1) The Authority shall have the sole right to issue Banknotes and Coins, and commemorative Banknotes and Coins, as Legal Tender in the Maldives. It is prohibited for any other party to issue any Banknotes or Coins or, any documents or tokens bearing the value of money, which are likely to pass as Legal Tender.

[Act 32 of 2020 wef 24/12/2020]

- (2) The Authority shall:
- (a) arrange for the printing of Banknotes, minting of Coins, manage and oversee all matters relating thereto, and ensure the security of such Banknotes and Coins;
- (b) issue, withdraw, reissue, and at its discretion, exchange Banknotes and Coins, including Banknotes and Coins issued by the Government before the coming into force of this Act.

Banknotes and Coins

15. (1) Banknotes issued under this Act shall be of such form and design and printed from such plates and on such paper as the Authority determines suitable. Denominations shall be such as may be specified by the Authority from time to time

- (2) Coins issued under this Act shall be of such denominations and of such weight, form and design and made of such metal or metals as may be specified by the Authority from time to time
- (3) Banknotes and Coins issued by the Government which were Legal Tender and not cancelled before the coming into force of section 14 shall in all respects be Legal Tender.
- Legal Tender** 16. (1) Subject to the provisions of subsection (2), a tender of payment of money if made in the following manner shall be Legal Tender:
- (a) in the case of Banknotes, for the payment of any amount;
- (b) in the case of 1 (one) Laari Coins, for the payment of an amount not exceeding 1 (one) Rufiyaa; and
- (c) in the case of Coins of denominations higher than 1 (one) Laari, for the payment of an amount not exceeding 50 (fifty) times the face value.
- (2) A Banknote or Coin that has been illegally dealt with shall not be Legal Tender.
- (3) For the purpose of this Act:
- (a) a Banknote shall be deemed to have been illegally dealt with if otherwise than by fair wear or tear its number, denomination, or signature has been damaged or any original characteristics or writing or drawing on the Banknote have been intentionally altered;
- (b) a Coin shall be deemed to have been illegally dealt with if, otherwise than by fair wear or tear, it has been mutilated or damaged or lightened or has been intentionally defaced by having any word, number or anything written or drawn stamped or engraved thereon, regardless of any alteration to the weight of the Coin.
- Certification of authenticity of Banknotes and Coins, and** 17. (a) In any proceedings in which the genuineness of any Banknote or Coin issued by the Authority may be in question, a certificate, issued by an employee of the Authority empowered for that purpose, declaring that such Banknote or Coin is or is not genuine, shall be accepted by the courts as

**counterfeit
currency**

conclusive evidence. Such employee shall not be questioned over any such certification.

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (b) Where a Financial Institution suspects that a Legal Tender of another country, or Banknote or Coin presented to it is counterfeit, the Financial Institution shall withhold such Legal Tender, or Banknote or Coin, and send such Legal Tender, or Banknote or Coin to the Authority or to competent authority specified under any other statute.

[Act 32 of 2020 wef 24/12/2020]

- (c) Where the Authority suspects that a Legal Tender of another country, Banknote or Coin presented to it is counterfeit, the Authority shall withhold such Legal Tender, Banknotes or Coins, and shall refer to the competent authorities for investigation and further actions as may be required. In making such reference, the Authority shall provide details of the Legal Tender, Banknote or Coin, their bearer, and the grounds for such suspicion.

[Act 32 of 2020 wef 24/12/2020]

- (d) The Authority may request the assistance of other authorities in implementing the provisions of this section.

[Act 32 of 2020 wef 24/12/2020]

**Withdrawal of
Banknotes and
Coins**

18. (1) The President may, on the recommendation of the Authority, determine by notice, Banknotes or Coins that shall cease to be Legal Tender in Maldives with effect from such date specified in the notice.

Provided that after such Banknotes or Coins shall have so ceased to be Legal Tender, the Authority shall be obliged to exchange any such Banknotes and Coins at its face value, if presented to the Authority within such period as may be specified by the President in the said notice.

- (2) An amount equivalent to the face value of any such Banknotes or Coins ceased as Legal Tender under subsection (1) above, not presented to the Authority within the time specified by the President, shall be deducted from the Liabilities of the Authority.

[Act 23 of 2015 wef 17/08/2015]

Non-refundable Banknotes and Coins, and reproduction of currency

19. (a) No party shall be entitled to recover from the Authority the value of any lost, stolen, mutilated or incomplete Banknote or Coin; or of any Banknote or Coin which has been illegally dealt with. However, the Authority may determine the circumstances and manner under which the value of, any Banknote or Coin which has been illegally dealt with, or of any mutilated or incomplete Banknote or Coin, may be refunded as an act of grace.

[Act 32 of 2020 wef 24/12/2020]

- (b) No party, except with the permission of the Authority, shall reproduce any object using any Banknote or Coin which serves as Legal Tender of Maldives, nor shall sell or circulate such object. No party, except with the permission of the Authority, shall produce or sell or circulate any product that resembles Banknote or Coin which serves as Legal Tender of Maldives.

[Act 32 of 2020 wef 24/12/2020]

- (c) The Authority shall determine the types of items that may be produced by using or produced resembling Banknotes and Coins which serve as Legal Tender in the Maldives.

[Act 32 of 2020 wef 24/12/2020]

- (d) The Authority may impose a fine of an amount between 10,000 (ten thousand) Rufiyaa and 1,000,000 (one million) Rufiyaa, on any party who contravenes subsection (b).

[Act 32 of 2020 wef 24/12/2020]

CHAPTER IV – FUNCTIONS AND FINANCIAL PROVISIONS

Power of the Authority to carry out its functions

20. (1) The Governor, Deputy Governor and members of the Board shall discharge their duties in good faith with reasonable care.

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (2) The Governor as the senior most official of the Authority shall be responsible for carrying out the activities of the Authority in accordance with the determined policies, work principles and decisions of the Board.

[Act 2 of 2007 wef 05/04/2007]

- (3) (a) The powers of the Governor granted pursuant to subsection (2), and the powers of the Deputy Governor when exercising the responsibilities of the Governor pursuant to section 7(1) of this Act, may be delegated to the members of senior management of the Authority.

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (b) Notwithstanding any delegation made by the Governor or Deputy Governor pursuant to subsection (3)(a), the Governor or Deputy Governor as the case may be, shall remain responsible and accountable for such exercise of power.

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (4) Members of senior management of the Authority has the power to carry out the following in exercising the powers delegated to them under subsection (3)(a):

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (a) Enter into agreements on behalf of the Authority as permitted by laws and regulations;

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (b) Represent the Authority in suits brought by or against the Authority;

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

- (c) Carry out such acts the member believes is necessary or deemed advisable and acts required for the general operation of the Authority.

[Act 2 of 2007 wef 05/04/2007]
[Act 32 of 2020 wef 24/12/2020]

External Reserve

21. (1) The Authority shall be the depository of the External Reserves of the Maldivian Government.
- (2) The Authority shall maintain an External Reserve of internationally accepted reserve assets consisting of all or any of the following on such terms and conditions prescribed by the Board:
- (a) gold;

- (b) foreign currency in the form of Banknotes or bank balances;

[Act 23 of 2015 wef 17/08/2015]

- (c) any internationally recognised reserve assets, including
 - (i) the reserve position of Maldives in the General Department of the International Monetary Fund;
 - (ii) Special Drawing Rights in the International Monetary Fund held by Maldives;
- (d) Bills of Exchange and Promissory Notes payable in foreign currency outside Maldives specified by the Board;
- (e) Treasury Bill issued by foreign governments bought by the Authority;
- (f) Securities bought by the Authority which are issued or guaranteed by foreign governments or international financial institutions;
- (g) other Securities and financial instruments including derivatives.

[Act 23 of 2015 wef 17/08/2015]

- (3) The Authority shall use its best endeavours to maintain the External Reserve at a level which is appropriate in relation to the External Transactions of Maldives.

Functions of the Authority 22.

The Authority may perform the following functions:

[Act 32 of 2020 wef 24/12/2020]

- (a) determine and implement monetary policy of Maldives;

[Act 32 of 2020 wef 24/12/2020]

- (b) advise on the exchange rate regime;

[Act 23 of 2015 wef 17/08/2015]
[Act 32 of 2020 wef 24/12/2020]

- (c) determine and implement the exchange rate and exchange rate policies, in order to implement the exchange rate regime;

[Act 32 of 2020 wef 24/12/2020]

- (d) maintain and manage External Reserves of Maldives;

[Act 32 of 2020 wef 24/12/2020]

- (e) issue and manage the currency of Maldives;

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (f) regulate and supervise the financial sector, other than Securities Businesses and services regulated under the Law No. 2/2006 (Maldives Securities Act);

[Act 32 of 2020 wef 24/12/2020]

- (g) organize, operate and participate in payment systems and securities settlement systems;

[Act 32 of 2020 wef 24/12/2020]

- (h) open accounts for, and accept deposits from, the Government, its agencies and Government affiliated institutions, as well as Banks in Maldives and other Financial Institutions;

[Act 32 of 2020 wef 24/12/2020]

- (i) provide services as correspondent, banker, agent or depository for any Monetary authority, central bank or financial institution;

[Act 32 of 2020 wef 24/12/2020]

- (j) open and operate accounts with such Banks or other depositories in or outside Maldives, and appoint them as correspondents or agents of the Authority, as may be required;

[Act 32 of 2020 wef 24/12/2020]

- (k) purchase, sell or deal in gold coins, Bullion or foreign currency;

[Act 32 of 2020 wef 24/12/2020]

- (l) purchase, sell, invest, or deal in Treasury Bills, other Securities and financial instruments issued or guaranteed by foreign governments or financial institutions;

[Act 32 of 2020 wef 24/12/2020]

- (m) purchase, sell, invest, or deal in Treasury Bills and other Securities issued or guaranteed by the Government;

[Act 32 of 2020 wef 24/12/2020]

- (n) grant loans, advances and re-discounts to Banks and other Financial Institutions in Maldives for a period not exceeding 90 (ninety) days on such terms and conditions as prescribed by the Board; Upon the expiry of the aforementioned period of 90 (ninety) days after considering the circumstances, the term of such a loan, advance or re-discount may be extended by additional periods not exceeding 90 (ninety) days and such extensions may only be given a maximum of 3 (three) times;

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (o) grant temporary advances to the Government upon agreed terms and conditions;

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (p) grant advances to the Government on agreed terms and conditions, in respect of subscriptions and other expenses relating to the membership of Maldives in any international financial institution, the participation of Maldives in any account thereof, and any transactions and operations undertaken in connection therewith;

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (q) act as a banker to the Government, and as a financial advisor and fiscal agent to the Government and to any other public authority in Maldives;

[Act 23 of 2015 wef 17/08/2015][Act 32 of 2020 wef 24/12/2020]

- (r) borrow money and issue guarantees, inside or outside Maldives, on such terms and condition as the Board may prescribe;

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (s) organise and operate a Clearing House, in conjunction with the Banks;

[Act 32 of 2020 wef 24/12/2020]

- (t) collect, compile, analyse and publish statistics and information for the purpose of achieving the objectives of the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (u) carry out development projects for the purposes of developing the financial sector of the Maldives and increasing financial inclusion within the Maldives, and levy fees or charges for services provided under such projects;

[Act 32 of 2020 wef 24/12/2020]

- (v) acquire, purchase, sell, take hold and hold movable or immovable property such as land and buildings, and may assign, transfer, lease, dispose of or mortgage, any immovable or movable property or any interest vested in such property;

[Act 32 of 2020 wef 24/12/2020]

- (w) oversee payment, clearing, and securities settlement systems, and regulate and oversee payment instruments;

[Act 32 of 2020 wef 24/12/2020]

- (x) manage funds for the Government and public authorities;

[Act 32 of 2020 wef 24/12/2020]

- (aa) undertake issuance and management of Securities issued by the Government or a public authority or a company in which majority shares are held by the Government;

[Act 32 of 2020 wef 24/12/2020]

- (ab) issue Securities in its own name and purchase, sell, redeem, Discount and Re-discount such Securities;

[Act 32 of 2020 wef 24/12/2020]

- (ac) appoint and remove primary dealers of the Securities issued in the name of the Authority;

[Act 32 of 2020 wef 24/12/2020]

- (ad) purchase, sell or invest in Securities and financial instruments specified by the Board;

[Act 32 of 2020 wef 24/12/2020]

- (ae) carry out any duties assigned to the Authority by any other statute; and

[Act 32 of 2020 wef 24/12/2020]

- (af) carry out any activities necessary to achieve the objectives of the Authority or to exercise the functions of the Authority.

[Act 32 of 2020 wef 24/12/2020]

Buying and selling rates of gold and foreign currency

- 23. (1) The Authority may buy and sell gold and foreign currency at such quantities it deems fit and determine their dealing rates.
- (2) The Authority may determine and publish the rates at which gold and foreign currency may be bought, sold or dealt in by Banks and other parties permitted to do so in Maldives.
- (3) The Authority may determine a mid-rate around which buying and selling rates may be established.
- (4) Sale of special or commemorative Coins for foreign currency shall not be treated as a foreign currency transaction for the purpose of this section.

Matters related to foreign exchange

- 24. (a) Matters related to foreign exchange in the Maldives shall be conducted as follows:

[Act 32 of 2020 wef 24/12/2020]

- (1) The President shall determine the exchange rate regime in accordance with the advice of the Authority; and

[Act 32 of 2020 wef 24/12/2020]

- (2) The Authority shall determine and implement the exchange rate and exchange rate related policies in order to implement the exchange rate regime.

[Act 32 of 2020 wef 24/12/2020]

- (b) It is prohibited to purchase or sell a foreign currency at a rate other than the determined rate if the rate has been determined pursuant to the foreign exchange regime determined by the President under subsection (a)(1). It is further prohibited to collect a commission or other benefit from such transactions, without the approval of the Authority.

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (c) The Authority may impose a fine of an amount between 10,000 (ten thousand) Rufiyaa and 1,000,000 (one million) Rufiyaa, or a fine of an amount between 10,000 (ten thousand) Rufiyaa and an amount equivalent to 5 (five) times

the value of that transaction, on any party who commits an act prohibited in subsection (b).

[Act 23 of 2015 wef 17/08/2015]
[Act 32 of 2020 wef 24/12/2020]

- (d) It is prohibited to carry out any transaction in the Maldives in a currency or currencies other than the currency or currencies determined by the Authority pursuant to the exchange rate policies determined under subsection (a)(2), if such a determination has been made. However, even in such an event, the Authority may exempt specific transactions from the prohibition made as mentioned herein.

[Act 32 of 2020 wef 24/12/2020]

- (e) The Authority may impose a fine of an amount between 10,000 (ten thousand) Rufiyaa and 1,000,000 (one million) Rufiyaa, on any party who commits an act prohibited in subsection (d).

[Act 32 of 2020 wef 24/12/2020]

**Credit
information
system**

- 24-1. (a) The Authority may establish and operate credit information systems to collect and share information relating to the creditworthiness, including credit information of debtors. The Authority may also regulate, licence, register and supervise credit information systems operated by other parties.

[Act 32 of 2020 wef 24/12/2020]

- (b) A Regulation shall be issued prescribing the parties providing goods and services on credit who are mandated to participate in the credit information system established by the Authority under subsection (a), measures to ensure the confidentiality of information provided by such parties, and the manner in which information in the system can be shared with third parties.

[Act 32 of 2020 wef 24/12/2020]

- (c) Notwithstanding the provisions of any other statute, parties who are mandated to participate in the credit information system pursuant to the regulation made under subsection (b), shall take part in the credit information system and provide such information in such a manner as determined by the Authority.

[Act 32 of 2020 wef 24/12/2020]

Government Securities market

- 24-2.** (a) On the request of the Government, the Authority shall, as an agent of the Government, have the power to develop the Government Securities market. The Authority shall also have the power to operate and manage the Government Securities primary market.

[Act 32 of 2020 wef 24/12/2020]

- (b) The Authority may at any time prescribe the manner, conditions and rules that shall be complied with in dealing Securities in the primary market of the Government Securities. The Authority shall also have the power to make rules on buying and selling Securities in the Government Securities secondary market in addition to those set down by the Capital Market Development Authority under the Law No. 2/2006 (Maldives Securities Act).

[Act 32 of 2020 wef 24/12/2020]

Issuing Securities of the Government or public authority or state-owned company

- 24-3.** (a) At the request of the Government or a public authority or a company whose majority shares are owned by the Government, the Authority may undertake, as an agent of the requested party, the issuance and management of Securities issued by the Government or by a company specially created to issue Government Securities or by a public authority or a company whose majority shares are owned by the Government.

[Act 32 of 2020 wef 24/12/2020]

- (b) In issuing and managing Securities pursuant to subsection (a), the Authority may:

[Act 32 of 2020 wef 24/12/2020]

- (1) open accounts for any depositor who holds Securities or purchases Securities and for the Government, on such terms and conditions as may be specified by Authority;

[Act 32 of 2020 wef 24/12/2020]

- (2) establish and operate systems necessary to facilitate the transferring, clearing and settlement of Securities;

[Act 32 of 2020 wef 24/12/2020]

- (3) establish and operate systems necessary to facilitate the tendering, issuing, lending and borrowing of Securities;

[Act 32 of 2020 wef 24/12/2020]

- (4) carry out any other activities the Authority deems necessary for the purpose of issuing and managing Securities pursuant to subsection (a).

[Act 32 of 2020 wef 24/12/2020]

- (c) The Authority may appoint another party to carry out any or all of the activities provided in subsection (b), on such terms and conditions specified by the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (d) The Authority may act as the Securities depository or the paying agent for Securities issued by the parties mentioned in subsection (a).

[Act 32 of 2020 wef 24/12/2020]

Regulating and supervising the Government Securities market

- 24-4.** (a) The Authority may determine parties to act as primary dealers of Government Securities or to deal in Government Securities in any other manner.

[Act 32 of 2020 wef 24/12/2020]

- (b) The Authority may appoint or grant a permit to the parties under subsection (a), subject to specific conditions or restrictions. The Authority may add to, vary or revoke any condition or restriction, at any time after a party is appointed or a permit is granted.

[Act 32 of 2020 wef 24/12/2020]

- (c) The Authority may determine that a type or types of parties may only engage in the Government Securities secondary market after obtaining a permit granted by the Authority. The Authority shall publish such determination made.

[Act 32 of 2020 wef 24/12/2020]

- (d) The Authority may determine the rules and the standards that it will use to evaluate applications for a permit under subsection (c). The Authority may also grant such permit subject to specific conditions or restrictions.

[Act 32 of 2020 wef 24/12/2020]

- (e) The Authority shall act in accordance with the advice of the Government in carrying out the matters specified in subsections (a) to (d).

[Act 32 of 2020 wef 24/12/2020]

- (f) Each party appointed under subsection (a) and each party granted permit under subsection (d) shall submit to the Authority all information, documents and reports requested

by the Authority, with such details, in such manner and within such period stipulated by the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (g) The Authority may at any time, through its officers or by any other party appointed by Authority, carry out an on-site inspection of the business of a party stated in subsection (f), for the purpose of determining their condition, or the conduct of their Securities Business, or any other matters deemed relevant by the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (h) The parties mentioned in subsection (f), shall conduct Government Securities operations in compliance with the relevant laws and regulations, and instructions issued by the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (i) The Authority may take one or more actions stipulated in section 39 (b) of this Act, against a party stated in subsection (f) or any other party who has failed to comply with any provision of this Act, or any regulation or instructions issued by the Authority under this Act.

[Act 32 of 2020 wef 24/12/2020]

- (j) No party, except a primary dealer appointed under subsection (a), shall act as or hold himself out as a primary dealer for Government Securities, or engage in or hold himself out as engaging in the primary market. No party required to obtain the permit of the Authority pursuant to subsection (d), shall engage in or hold himself out as engaging in the secondary market without permit.

[Act 32 of 2020 wef 24/12/2020]

CHAPTER V – CAPITAL, PROFIT AND RESERVES

- Capital**
- 25. (1) The authorised capital of the Authority shall be 4,000,000 (four million) Rufiyaa and may be increased by such amounts as may be proposed by the Board and approved by the President from time to time. No reduction of capital shall be effected except by an amendment of this Act.
 - (2) Upon the establishment of the Authority, the Government shall pay towards authorised capital of the Authority an amount of 1,000,000 (one million) Rufiyaa and such further

amounts as may be proposed by the Board and approved by the President from time to time.

- (3) All capital of the Authority, as and when issued, shall be for the sole account of the Government and shall not be transferable or capable of being claimed in court or subject to mortgage.

- Profit** 26. The net profits of the Authority for any financial year shall be determined by the Authority after meeting all current expenditure for that year and after making provisions for:
- (a) bad debts as determined by the Board, doubtful debts and depreciation of assets;
 - (b) such other purposes as the Board may deem necessary; and
 - (c) the redemption of any Securities issued by the Government under section 27(3);

provided that profits and losses arising under section 28 shall not be included in the calculation.

- General Reserve** 27. (1) The Authority shall establish its General Reserve to which shall credit at the end of each financial year 50 (fifty) percent of the net profit of the Authority, until such time as the General Reserve is equal in amount to the authorised capital of the Authority, after which 25 (twenty five) percent of the net profit shall be credited to the General Reserve until the General Reserve is equal to twice the authorised capital. Once the General Reserve is equal to twice the amount to the authorized capital, the Authority shall credit to the General Reserve such amount determined by the Board.

[Act 23 of 2015 wef 17/08/2015]

- (2) After allocations have been made to the General Reserve under subsection (1) the remainder of the net profit of each year shall be transferred to the Government.
- (3) If the Authority should make a net loss which exceeds the amount of the General Reserve at the end of that year, a sum equivalent to such excess shall be paid to the Authority by the Government in non-negotiable, non-benefit bearing Securities.

- Revaluation Reserve Account** 28. (1) The Authority shall at a minimum quarterly, make a valuation of its Assets and Liabilities in gold, foreign currencies or other units of account.

- (2) The gains arising from any change in the valuation of the Authority's Assets or Liabilities in gold, foreign currencies or other units of account, as a result of alterations of the external value of the Rufiyaa, or of any change in the values, parities, or exchange rates in respect of such Assets in relation to the Rufiyaa shall be credited to a revaluation reserve account and neither they nor the losses arising from any such change shall be included in the computation of the annual profits and losses of the Authority.
- (3) The losses arising from any such change shall be set off against any credit balance in the revaluation reserve account. Notwithstanding any other provision of this Act, if such balance is insufficient to cover such losses, the Government shall issue to the Authority non-negotiable, non-benefit bearing Securities for the amount, required to adjust such losses.
- (4) Any credit balance in the revaluation reserve account at the end of each financial year of the Authority shall be applied first to the redemption of any Securities issued under subsection (3).

[Act 23 of 2015 wef 17/08/2015]

- (5) No credits or debits shall be made to the revaluation reserve account except in accordance with the provisions of this section.

CHAPTER VI - RELATIONS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Licensing of sectors and Non-Bank Financial Businesses regulated by the Authority

29. (a) This chapter shall not apply to any Securities Business or Securities related services licensed under the Law No. 2/2006 (Maldives Securities Act).

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (b) Except for businesses licensed or permitted granted under the Law No. 2/2006 (Maldives Securities Act), a party shall only carry out a Non-Bank Financial Business after obtaining the licence or permit issued under this Act.

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (c) If the Authority determines that there are reasonable grounds to suspect that any party engages in a Non-Bank Financial Business without a licence or permit under this Act, the

Authority shall be empowered to enter their offices and to examine their accounts and books, or to direct that such items be brought to it for inspection. Upon the request of the Authority, Maldives Police Service shall assist the Authority to gain access to the premises of such party and to examine their accounts and books; or to bring such materials to the Authority for inspection.

[Act 23 of 2015 wef 17/08/2015]

- (d) The Authority may issue regulations, circulars, memorandums regarding licensing requirements, procedures, standards, licensing conditions and prudential requirements to be implemented to ensure safe and prudent financial practice. In this regard, the Authority may issue regulations specific to a particular type of Non-Bank Financial Business, or issue regulations of general applicability to all Non-Bank Financial Businesses.

[Act 23 of 2015 wef 17/08/2015]

- (e) It shall be an offence for a party to carry out or engage in a Non-Bank Financial Business without a license issued under this Act.

[Act 23 of 2015 wef 17/08/2015]

- (f) A party who commits the offence stipulated in subsection (e) shall be liable on conviction to a fine between 100,000 (one hundred thousand) Rufiyaa and 1,000,000 (one million) Rufiyaa and imprisonment between 2 (two) to 5 (five) years.

[Act 23 of 2015 wef 17/08/2015]

- (g) It shall be an offence for a party to carry out or engage in a Non-Bank Financial Business without a permit issued under this Act.

[Act 23 of 2015 wef 17/08/2015]

- (h) A party who commits the offence stipulated in subsection (e) shall be liable on conviction to a fine between 75,000 (seventy five thousand) Rufiyaa and 750,000 (seven hundred and fifty thousand) Rufiyaa and imprisonment between 1 (one) to 3 (three) years.

[Act 23 of 2015 wef 17/08/2015]

- (i) Non-Bank Financial Institutions operating under a licence or a permit granted by the Authority prior to the commencement of the Law No. 23/2015 (Third Amendment to the Law No. 6/81 (Maldives Monetary Authority Act 1981)) shall be

deemed to have been licensed under this Act unless the licence or permit is revoked by the Authority.

[Act 32 of 2020 wef 24/12/2020]

Submission of information and reports, and supervision of Non-Bank Financial institutions

30. (a) Each Non-Bank Financial Institution shall furnish any information, documents or reports requested by the Authority, in such form and detail, and at such time specified by the Authority.

[Act 23 of 2015 wef 17/08/2015]

- (b) The Authority may supervise Non-Bank Financial Institutions in the following manner.

[Act 23 of 2015 wef 17/08/2015]

- (1) The Authority may at any time cause an on-site examination of a Non-Bank Financial Institution to be made by officers of the Authority or by any other party appointed by the Authority, for the purpose of determining the condition and performance of the Financial Institution, the adequacy of management and the board's policies for managing risk, and the extent to which it complies with the applicable laws and regulations, and any other matters deemed relevant by the Authority.

[Act 23 of 2015 wef 17/08/2015]

- (2) Pursuant to or during an on-site examination mentioned in subsection (1), a Non-Bank Financial Institution shall provide on-site, or send to the Authority, and corroborate in writing where necessary, any additional information or documents or evidence requested by the officer of the Authority.

[Act 23 of 2015 wef 17/08/2015]

Required reserves of financial institutions

31. (a) The Authority may require Banks and Non-Bank Financial Institutions in Maldives to maintain a minimum reserve based on their deposits and other Liabilities.

[Act 23 of 2015 wef 17/08/2015]

- (b) The Authority shall have the discretion to prescribe different reserve ratios for different Financial Institutions, as the minimum reserve required to be maintained under subsection (a).

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (c) The Board shall determine and Authority shall inform to the Banks and Non-Bank Financial Institutions, the categories of deposits and other Liabilities referred to in subsection (a), and the method of calculating and determining the minimum reserve.

[Act 23 of 2015 wef 17/08/2015]

Principles governing granting benefit, service charge & credit

32. (1) The Authority shall have the power to give written instructions to Banks and Non-Bank Financial Institutions on the following:

[Act 32 of 2020 wef 24/12/2020]

- (a) The maximum and minimum amounts payable as interest or benefit on deposits and other similar Liabilities, and the method of calculation thereof; and

[Act 32 of 2020 wef 24/12/2020]

- (b) The permissible purposes and sectors, the maximum totals and the shortest and longest tenure for specific sectors, maximum interest rate or financing rate, maximum charges and fees, minimum cash deposit and minimum collateral in respect of providing the following services:

[Act 32 of 2020 wef 24/12/2020]

- (i) granting advances, whether by way of a loan or Overdraft, and investments;

[Act 32 of 2020 wef 24/12/2020]

- (ii) discounting of Bills of Exchange, Promissory Notes and other commercial or financial paper;

[Act 32 of 2020 wef 24/12/2020]

- (iii) issuing of letters of credit; or

[Act 32 of 2020 wef 24/12/2020]

- (iv) granting of acceptances or other forms of credit.

[Act 32 of 2020 wef 24/12/2020]

- (2) The Authority may differentiate between different types of Financial Institutions when issuing instructions under subsection (1).

[Act 32 of 2020 wef 24/12/2020]

- (3) The effective date of an instruction given under subsection (1) shall not be less than 14 (fourteen) days from the date of instruction.

[Act 32 of 2020 wef 24/12/2020]

- (4) The Authority may take one or more administrative actions stipulated in section 39 (b) of this Act, against a Non-Bank Financial Institution which fails to comply with an instruction or regulation issued by the Authority under this section.

[Act 32 of 2020 wef 24/12/2020]

- (5) The Authority may take one or more administrative actions stipulated in the Law No. 24/2010 (Maldives Banking Act), against a Bank which fails to comply with an instruction or regulation issued by the Authority under this section,

[Act 32 of 2020 wef 24/12/2020]

Local Assets ratios 33. A Bank or other Financial Institution in Maldives shall maintain Assets consisting of claims payable in Rufiyaa and other Assets situated in Maldives in such minimum proportions of its deposit and similar Liabilities payable in Rufiyaa as the Authority may prescribe.

Foreign working balances 34. The Authority may prescribe the maximum amount of the working balances which Banks and other Financial Institutions may hold in foreign currencies generally or in any specified currency or currencies.

Record retention by Non-Bank Financial Institutions 34-1. (a) Non-Bank Financial Institutions shall keep on file in the Maldives, such records determined by the Authority, for such period as stipulated by the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (b) Non-Bank Financial Institutions shall keep records in written form. A Non-Bank Financial Institution may retain records, books, statements, documents, correspondences, cables, notices and other documents relating to its financial activities in reduced form such as microfilm, electronic data storage or other current technological devices instead of the original for the period stipulated under this Act, to the extent that adequate data management and recovery systems and procedures are in place.

[Act 32 of 2020 wef 24/12/2020]

Financial consumer protection and 34-2. (a) Authority shall have the power to instruct Banks and Non-Bank Financial Institutions to carry out an act or refrain from doing so, or take specific measures for the purpose of

**dispute
resolution**

protecting their customers, and the Banks and Non-Bank Financial Institutions must comply with those instructions.

[Act 32 of 2020 wef 24/12/2020]

- (b) The Authority shall have the power to establish mechanisms for resolution of complaints relating to Banks and Non-Bank Financial Institutions or provision of services by such institutions.

[Act 32 of 2020 wef 24/12/2020]

- (c) The Authority shall have the power to establish a dispute resolution mechanism for the resolution of disputes between Banks and their customers or Non-Bank Financial Institutions and their customers, arising from or relating to provision of services by the respective Bank and Non-Bank Financial Institution.

[Act 32 of 2020 wef 24/12/2020]

- (d) The Authority may issue regulations in relation to the matters provided in subsections (b) and (c).

[Act 32 of 2020 wef 24/12/2020]

- (e) The Authority may take one or more administrative actions stipulated in section 39 (b) of this Act, against a Non-Bank Financial Institution which fails to comply with an instruction or regulation issued by the Authority under this section.

[Act 32 of 2020 wef 24/12/2020]

- (f) The Authority may take one or more administrative actions stipulated in the Law No: 24/2010 (Maldives Banking Act), against a Bank which fails to comply with an instruction or regulation issued by the Authority under this section.

[Act 32 of 2020 wef 24/12/2020]

CHAPTER VII - MISCELLANEOUS PROVISIONS

**Annual financial
statements and
reports**

35. (a) The Authority shall prepare financial statements of every financial year.

[Act 23 of 2015 wef 17/08/2015]

- (b) Authority shall, within 4 (four) months from the close of each financial year, submit to the President and the People's Majlis:

[Act 23 of 2015 wef 17/08/2015]

- (1) Financial statements certified by the external auditor and approved by the Board; and

[Act 23 of 2015 wef 17/08/2015]

- (2) Annual report approved by the Board. This report shall include the policies adopted in achieving the main objectives of the Authority, the main operations carried out by the Authority to implement the policies and for the development of the Authority, study on the economy of Maldives in the preceding year and the economic outlook for the current year.

[Act 23 of 2015 wef 17/08/2015]

- (c) Within 4 (four) months from the close of each financial year, the Authority shall publish the financial statements and the report referred to in subsection (b).

[Act 23 of 2015 wef 17/08/2015]

- (d) The Authority shall, within 10 (ten) working days after the end of each calendar month, prepare and publish a pro forma balance sheet as of the end of that month.

[Act 2 of 2007 wef 05/04/2007]

[Act 23 of 2015 wef 17/08/2015]

Collection of statistics

36. (a) If the Authority requests for statistics and information from a party in order to achieve its objectives and in accordance with the policies issued by the national bureau of statistics of Maldives, the party shall provide the requested statistics and information to the Authority.

[Act 23 of 2015 wef 17/08/2015]

- (b) The Authority shall define, by regulation issued under this Act, the statistical information so required and the form in which such information is to be provided to the Authority, the natural persons, legal persons and entities subject to the reporting requirements, the applicable confidentiality regime for the statistics provided and the administrative penalties that may be imposed in case of violation of the regulation.

[Act 23 of 2015 wef 17/08/2015]

Fee and charge

37. (a) The Authority may charge reasonable fees and charges for the services it provides and the functions it carries out.

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (b) The Authority may charge application fees on applications for a licence under this Act.

[Act 32 of 2020 wef 24/12/2020]

- (c) The Authority may charge an annual fee or licence fee from Financial Institutions regulated by the Authority.

[Act 32 of 2020 wef 24/12/2020]

Issuing regulations and Instructions

38. (a) The Authority shall have the power to issue and enforce such regulations, policies, directives and circulars for the purpose of proper implementation of the provisions of this Act.

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (b) The Authority may also issue regulations or directives or circulars, of general applicability to all Non-Bank Financial Institutions, or specific to different types of Non-Bank Financial Institutions, or specific to a Non-Bank Financial Institution. In addition, the Authority shall have the power to make decisions in relation to individual cases or circumstances and issue instructions to individual Non-Bank Financial Institutions related to such cases or circumstances.

[Act 32 of 2020 wef 24/12/2020]

- (c) The Authority may by regulation establish a resolution mechanism for the Non-Bank Financial Institutions regulated by the Authority. The regulation may provide the grounds or circumstances for initiating resolution process, the procedure for the resolution process and the powers that the Authority may exercise pursuant to the resolution. The Authority may by regulation prescribe the insolvency and winding-up proceedings applicable to Non-Bank Financial Institutions regulated by it. The Authority may by regulation prescribe the order of priority in discharging the Liabilities of a Non-Bank Financial Institution subject to insolvency or winding up proceedings.

[Act 32 of 2020 wef 24/12/2020]

- (d) The Authority may require a Bank or Non-Bank Financial Institution to participate in development projects carried out by the Authority for the purposes of developing the financial sector of the Maldives or increasing financial inclusion within the Maldives or for any other purpose. A Financial Institution shall participate in such projects if and as required to do so by the Authority.

[Act 32 of 2020 wef 24/12/2020]

- (e) The Authority may prohibit a particular activity for the purpose of achieving its objectives under this Act. If the Authority intends to determine such prohibition, the Authority shall discuss such matter with relevant Government authorities.

[Act 32 of 2020 wef 24/12/2020]

Administrative actions and enforcement measures

- 39. (a) The Authority may take any measures or impose one or more of the penalties set out in subsection (b), where the Authority determines or has grounds to believe that a Non-Bank Financial Institution or an Executive Officer of a Non-Bank Financial Institution has or may:

[Act 23 of 2015 wef 17/08/2015]

- (1) failed to comply with the provisions of this Act or of any regulations, condition of licensing, order or instruction issued by the Authority; or

[Act 23 of 2015 wef 17/08/2015]

- (2) engaged or is engaging in unsafe or unsound Non-Bank Financial Business operations.

[Act 23 of 2015 wef 17/08/2015]

- (b) If any of the circumstances set out in subsection (a) (1) and (2) occur, have occurred, or the Authority has reason to believe will occur, the Authority may take one or more of the following measures and or impose one or more of the following penalties.

[Act 23 of 2015 wef 17/08/2015]

- (1) instruct to cease and desist from particular activity;

[Act 23 of 2015 wef 17/08/2015]

- (2) instruct to take action to correct the violation committed as per subsection (a) (1) and (2);

[Act 23 of 2015 wef 17/08/2015]

- (3) impose additional conditions in carrying out its business;

[Act 23 of 2015 wef 17/08/2015]

- (4) bar from or impose limits on, paying dividends to the shareholders;

[Act 23 of 2015 wef 17/08/2015]

- (5) instruct to deposit a prescribed amount of funds to the Authority for a period of time and on such terms as deemed appropriate by the Authority;

[Act 23 of 2015 wef 17/08/2015]

- (6) instruct that the chairperson convene the board of directors to review and examine the violations attributed to the Non-Bank Financial Institution and to take the necessary measures to eliminate such violations. In this case, one or more representatives of the Authority can attend the board of directors meeting;

[Act 23 of 2015 wef 17/08/2015]

- (7) require the Non-Bank Financial Institution temporary suspend or permanently remove from office of an Executive Officer or an agent participates in policy making functions or an agent responsible for any it's material portion of the business activities, depending on the seriousness of the violation;

[Act 23 of 2015 wef 17/08/2015]

- (8) instruct the Non-Bank Financial Institution to remove the chairperson or any of the members of its board of directors;

[Act 23 of 2015 wef 17/08/2015]

- (9) impose a fine on an Executive Officer or an agent responsible for any material portion of the business activities of the Non-Bank Financial Institution, if the Authority believes that the person is responsible for the existence of the circumstances stipulated in subsections (a)(1) and (2);

[Act 23 of 2015 wef 17/08/2015]

- (10) impose a fine; the Authority may impose such fine not exceeding 100,000 (One Hundred Thousand) Rufiyaa on a daily basis until the violation has ceased or compliance is obtained;

[Act 23 of 2015 wef 17/08/2015]

[Act 32 of 2020 wef 24/12/2020]

- (11) revoke the license or the permit.

[Act 23 of 2015 wef 17/08/2015]

- (c) The Authority may impose a fine of an amount not exceeding 100,000 (hundred thousand) Rufiyaa on a daily basis on a

Non-Bank Financial Institution in the following circumstances until it has been corrected.

[Act 23 of 2015 wef 17/08/2015]
[Act 32 of 2020 wef 24/12/2020]

- (1) intentional or negligent submission of materially deficient or false records or information to the Authority; or

[Act 23 of 2015 wef 17/08/2015]
[Act 32 of 2020 wef 24/12/2020]

- (2) failure to submit, to the Authority at its request, information, documents or reports in the possession of the institution.

[Act 23 of 2015 wef 17/08/2015]
[Act 32 of 2020 wef 24/12/2020]

Penalty

- 40.** (a) If a penalty has not been specified under this Act, the penalty for such violation shall be a fine of an amount between 5,000 (five thousand) Rufiyaa and 1,000,000 (one million) Rufiyaa.

[Act 32 of 2020 wef 24/12/2020]

- (b) The Authority may impose a fine, of an amount between 5,000 (five thousand) Rufiyaa and 1,000,000 (one million) Rufiyaa, on a party who has failed to comply with any regulation or instruction issued by the Authority under this Act. The Authority may also impose a fine of an amount not exceeding 5,000 (five thousand) Rufiyaa on a daily basis, until the violation has ceased or compliance is obtained.

[Act 32 of 2020 wef 24/12/2020]

- (c) The Authority shall determine the procedures that it will follow in taking any action, and the factors it will consider in determining a fine based on the severity of the violation. The penalties imposed under this Act and measures that may be taken against a party that fails to comply with this Act, regulations issued under this Act or any order issued by the Authority, shall be determined by a decision made by the Governor.

[Act 32 of 2020 wef 24/12/2020]

- (d) Where a fine is imposed as a penalty under this Act, the amount so due shall be paid in full by its due date, notwithstanding that an appeal has been lodged in respect of that penalty.

[Act 32 of 2020 wef 24/12/2020]

Notes

Amendments made to the Maldives Monetary Authority Act 1981

- 1st Amendment to the Maldives Monetary Authority Act 1981 (Law No. 27/82) wef 30 December 1982
- 2nd Amendment to the Maldives Monetary Authority Act 1987 (Law No. 3/2007) wef 5 April 2007
- Maldives Banking Act (Law No. 24/2010) wef 12 December 2010
- 3rd Amendment to the Maldives Monetary Authority Act (Law No. 23/2015) wef 17 August 2015
- 4th Amendment to the Maldives Monetary Authority Act (Law No. 32/2020) wef 24 December 2020