



NATIONAL PAYMENT SYSTEM ACT LAW NO. 8/2021

Date of publication in the Government Gazette: 18 May 2021

Entry into force: 18 September 2021

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NATIONAL PAYMENT SYSTEM ACT

CHAPTER ONE

INTRODUCTION

- Introduction and Citation**
1. (a) This Act provides for the development, regulation and oversight of the Maldives' National Payment System, and all other matters connected therewith and incidental thereto.
 - (b) This Act shall be cited as the "National Payment System Act".
- Objectives**
2. The main objectives of this Act are to attain the following:
 - (a) develop the National Payment System in a safe and efficient manner, and maintain the stability of the National Payment System;
 - (b) regulate and oversee the National Payment System;
 - (c) make provision for regulating and overseeing Payment Systems, Clearing Systems, Settlement Systems and Payment Services;
 - (d) establish interoperability of the Payment Systems, Clearing Systems, Settlement Systems and Payment Service Providers;
 - (e) enhance accessibility of the Payment Systems, Clearing Systems and Settlement Systems;
 - (f) establish mechanisms for effective protection of the customers;
 - (g) establish a competitive environment among of Payment Services Providers;
 - (h) promote financial inclusion.

CHAPTER TWO

DICTIONARY OF CONCEPTS

- Basis of Concepts**
3. The words and phrases provided from section 4 of this Act to the end of section 13 of this Act are the main concepts upon which the Act is based on. The concepts provided in this Chapter are to sustain the fundamentals of this Act and facilitate the widest

possible attainment of the objectives of this Act. Every provision of this Act must be read or interpreted in a manner that does not restrict the ambit of any of these concepts.

- National Payment System**
4. "National Payment System" means all the services associated with sending, receiving and processing of Payment Instructions or transfers of money in Maldivian currency or a foreign currency, including the following:
- (a) issuance and management of Payment Instruments;
 - (b) operations of Payment Systems, Clearing Systems and Settlement Systems, and arrangements and procedures associated to those Systems and its services, including systems processing securities and other Financial Instruments;
 - (c) provision of Payment Services and matters incidental and related thereof;
 - (d) Payment Services Providers, Operators, Participants and any third party acting on their behalf, either as an agent or by way of outsourcing agreements, whether entirely or partially operating inside Maldives.
- System**
5. "System" means a Payment System, a Clearing System or a Settlement System.
- Payment System**
6. "Payment System" means any system or arrangement used for transferring, processing, clearing or settlement of money, and includes any instruments and procedures that relate to the system.
- Settlement System**
7. "Settlement System" means a system established and operated for the discharge of payment obligations or for securities settlement obligations.
- Clearing System**
8. "Clearing System" means formal procedures established to attain the following:
- (a) present and exchange information relating to the transfer of money or securities by and among Participants through a centralized system or at a particular location; and
 - (b) calculate Participants' positions on a gross or net basis to facilitate settlement obligations between two or more Participants.

- Clearing House** 9. "Clearing House" means an entity that provides clearing or settlement services for transactions effected through Payment Instruments in a System.
- Payment Service** 10. "Payment Service" means the service of depositing and withdrawing of banknotes and coins, payment transaction execution service, Payment Instruments issuance service, payment transactions acquiring service; Remittance Service, Electronic Funds Transfer service, payment initiation service, account information service, any other service related to the transfer of money or payment accounts, and any other payment related services determined by the Authority. This shall also include Electronic Money issuance service.
- Payment Instrument** 11. "Payment Instrument" means any instrument or procedure used to initiate and/or process Payment Instructions. Payment Instrument includes but are not limited to cheques, funds transfer instruments and payment cards.
- Netting** 12. "Netting" means the determination of the net value of settlement obligations between two or more Participants of a System.
- Electronic Money** 13. "Electronic Money" means a monetary value which represents a claim on its issuer, and which is -
- (a) a monetary value stored electronically, including magnetically, in any tangible or intangible device;
 - (b) monetary value was issued on receipt of money of equivalent value; and
 - (c) monetary value issued is accepted as a means of payment by persons other than the issuer.

CHAPTER THREE

IMPLEMENTATION OF THE ACT

- Responsibilities and Powers of the Authority** 14. (a) The Authority shall regulate and oversee the National Payment System for the purpose of ensuring safety and efficiency therein.
- (b) The Authority shall have the power to carry out any activity as may be required in order to fulfil the responsibility stated in subsection (a) and to implement and enforce this Act.
- (c) The Authority shall have the power to carry out the following activities in enforcing this Act.

- (1) Formulate and enforce the National Payment System policy for the Maldives;
- (2) Issue licences or permits to Payment Services Providers and licences to Operators, in accordance with this Act;
- (3) Designate “Systemically Important Payment Systems” in Maldives and determine the regulatory and oversight regime applicable to such systems;
- (4) Instruct Payment Services Providers and Operators of Systems, including those exempted under section 18 of this Act from the requirement to obtain a licence or permits, to establish interoperability between Systems, between providers of Payment Services, as well as between Systems and providers of Payment Services;
- (5) Formulate regulations, principles, directions, circulars, standards, conditions and procedures, of general applicability or of specific applicability to specific institutions, specific circumstances or specific activities, which shall be applicable to institutions issued with licences or permits under this Act and their activities; and ensure compliance that such regulations, principles, directions, circulars, standards, conditions and procedures are duly applied;
- (6) Determine matters that the Payment Services Providers shall comply with for the purpose of protecting the customers of Payment Services;
- (7) Prohibit provision of a Payment Service or Payment Services or use of a Payment Instrument or Payment Instruments in the Maldives;
- (8) Act as a forum for the discussion of matters of policy relating to the National Payment System;
- (9) Perform such other functions relating to Systems operated by the Authority, and issue Payment Instruments;
- (10) Issue regulations, directions, principles, circulars and procedures for the operation and regulation of the National Payment System;

- (11) Exchange information, seek assistance from and provide assistance to relevant domestic and foreign authorities for the purpose of attaining the objectives of this Act;
 - (12) Carry out any other activity as may be necessary to attain the objectives of this Act or to perform any other function stated in this Act.
- (d) For the purpose of subsection (c)(3), “Systemically Important Payment Systems” are Systems which, because of the nature or size of individual payments they process or because of the aggregate value of the payments processed, could trigger or transmit systemic disruptions in the financial system, if such systems were to encounter any issues.
 - (e) In determining a minimum unimpaired capital for the purpose of section 20(a)(1) and (d)(1) of this Act, the Authority may determine different capital requirements for different types of Payment Services or different types of Systems. The Authority shall also have discretion to determine specific capital requirements for specific Payment Service Providers or Systems after considering the volume and value of payments likely to be processed by the System or Payment Service Provider and any other factor.

**Authority’s
Participation in
Operating
Systems**

15. The Authority may carry out the following:

- (a) own, establish, operate and participate in the ownership or operation of Systems;
- (b) open and hold accounts for Operators and Participants, to be used for the clearing and settlement of transfers by a System;
- (c) hold Collateral of Operators and Participants;
- (d) extend intraday liquidity to Participants subject to obtaining adequate Collateral.

**National Payment
System Council**

16. The Authority may, by a regulation, establish a council to be called the “National Payment System Council” to provide advice to the Authority on attaining the objectives of this Act. The regulation shall provide for the objective, composition and responsibilities of the council.

CHAPTER FOUR

MATTERS RELATED TO LICENCES AND PERMITS

Licences and Permits

17. (a) A person may only provide a Payment Service in the Maldives with a licence or a permit issued by the Authority that entitles the person to provide that type of Payment Service. A person may only operate a System, in the Maldives after obtaining a licence issued by the Authority that entitles the person to operate that System.
- (b) A licence or permit may be granted under this Act only:
- (1) to a company registered under the Maldives Companies Act; and
 - (2) if in the opinion of the Authority, granting the licence or permit will not have any adverse impact on the maintenance of financial stability of the Maldives and will benefit the interests of the public.
- (c) If the Authority determines that there are grounds to suspect that any party is engaging in providing Payment Services or operating a System contradictory to subsection (a), the Authority shall be empowered to enter the business premises of such party to examine their systems, books, documents and accounts or to direct that such items be brought to it for inspection.

Exemption from Obtaining Licence or Permit

18. (a) Notwithstanding section 17 of this Act, a licence is not required under this Act to operate the following Systems:
- (1) Systems operated by the Authority;
 - (2) Systems operated under a licence issued pursuant to the Maldives Securities Act for the purpose of securities clearing and settlement obligations;
 - (3) in-house payment systems established at and operated by the Banks licensed under the Maldives Banking Act to provide banking services to their customers;
 - (4) in-house Systems operated by any person solely for its administrative purposes, which does not transfer, clear or settle funds for third parties;
 - (5) any other System determined and published by the Authority.

- (b) Notwithstanding subsection (a), persons who operate Systems which are exempted under subsection (a)(2) shall comply with any provision or provisions of this Act that the Authority instructs them to follow as well as any regulation, principle or procedure determined by the Authority.
- (c) Notwithstanding subsection (a), the Authority may require persons who operate Systems exempt under subsection (a)(5), to comply with specific provisions of this Act or provisions of any regulation issued by the Authority. The Authority may also determine requirements and conditions applicable to such persons, who shall comply with such requirements and conditions.
- (d) Banks licensed by the Authority under the Maldives Banking Act, do not require a licence or a permit under this Act to provide Payment Services.
- (e) Notwithstanding subsection (d), Banks shall comply with a provision or provisions of this Act that the Authority instructs a Bank to comply with, and regulatory and oversight requirements determined by the Authority for Payment Services.
- (f) The Authority may determine and exempt activities from requiring a licence, which would otherwise generally be subject to a licence or permit under this Act. The Authority may also exempt specific persons from requiring a licence or permit under this Act. If so determined, the Authority shall publish such exempted activities and persons.
- (g) Notwithstanding the exemption given under subsection (f), the Authority may require persons conducting such activities to comply with specific provisions of this Act or provisions of a regulation issued by the Authority. The Authority may also determine requirements and conditions applicable to them, and they shall comply with such requirements and conditions.
- (h) The Authority may revoke such exemption granted under subsection (f) in any of the following circumstances:
 - (1) the person has contravened any provision of this Act or any regulation issued by the Authority which are applicable to it, or any condition or requirement imposed on it or any instruction issued by the Authority; or

**Application for
Licence or Permit**

- (2) the Authority believes that it is in the public interest to revoke the exemption.

19. (a) An application to operate a System shall be made in writing to the Authority, in such manner as the Authority may prescribe and shall include the following information. The Authority has the power to instruct the applicant to submit additional information and documents other than provided herein:

- (1) its memorandum and articles of association;
- (2) details of the identity of the Major Shareholders of the applicant;
- (3) details of the identity of the members of the board of directors and members of senior management of the applicant and their resume;
- (4) a description of the applicant's management structure, internal control systems and details of audit, including administrative, risk management and accounting procedures, which demonstrate that these management structures and internal control mechanisms and procedures are sound and adequate;
- (5) information identifying the Participants of the System;
- (6) System rules;
- (7) operations manual of the System;
- (8) applicant's business plan, including projected financial statements for the first 3 (three) years of operations;
- (9) applicant's plan of activities including intended transactions to be carried out with the volume and type of the intended transactions;
- (10) a description of the applicant's organizational structure including, if applicable, information about proposed outsourcing arrangements and participation in a domestic or foreign System;
- (11) a description of the technical structure and information technology system of the System, which shall include the following:
 - (i) the architectural design and processes of the System;

- (ii) the measures employed to safeguard System operations against risks, including a contingency plan for System operations in the event of an operational disruption should the System fail to function; and
 - (iii) the measures taken to secure the protection of data during electronic processing and the storage of data relating to the System against disclosure, misuse, damage, or theft and to maintain confidentiality;
 - (12) an analysis of the risk and measures to mitigate risks to the System arising from illiquidity or insolvency of Participants or any other reason;
 - (13) if the System owner and the Operator are two different entities, the agreement entered between these two parties.
- (b) An application for a licence or a permit to provide a Payment Service shall be made in writing to the Authority, in such manner as the Authority may prescribe, and shall include the following information. The Authority has the power to instruct the applicant to submit additional information and documents other than provided herein;
- (1) its memorandum and articles of association;
 - (2) details of the identity of the Major Shareholders of the applicant;
 - (3) details of the proposed Payment Service;
 - (4) details of the identity of the members of the board of directors and members of senior management of the applicant and their resume;
 - (5) detailed business plan of the proposed Payment Service, including projected financial statements for the first 3 (three) years of operations in order to attain the objectives of the business plan; the business plan shall demonstrate that the applicant can establish appropriate systems, resources and procedures required to provide the Payment Service;
 - (6) a description of the measures taken to safeguard funds of customers of the Payment Service;

- (7) a description of the applicant's management structure, internal control systems and details of audit, including administrative, risk management and accounting procedures, which demonstrate that these management structures and internal control mechanisms and procedures are appropriate, sound and adequate
 - (8) a description of the applicant's organizational structure including, if applicable, information about proposed agents, branches, outsourcing arrangements and participation in a domestic or foreign payment System;
 - (9) a description of the internal control mechanisms which the applicant has established to comply with obligations in relation to anti-money laundering and terrorist financing; and
 - (10) any other document or information required by the Authority.
- (c) An application for a licence or permit under subsection (a) and (b), shall be accompanied by the application fee determined by the Authority. If so determined, the Authority shall publish the application fee.
 - (d) The application fee specified under subsection (c) is non-refundable whether the Authority grants or denies the licence or permit.

Conditions for Licence or Permit

- 20. (a) Every Operator shall comply with the following licensing conditions at all times:
 - (1) maintain a minimum unimpaired capital not less than the amount as may be prescribed by the Authority;
 - (2) Major Shareholders, members of the board of directors and members of senior management of the Operator must at all times be fit and proper persons;
 - (3) establish appropriate internal controls and other systems to manage the risk of the System and any function of the System;
 - (4) ensure that the System has an access criterion that is based on safe and non-discriminatory policies;
 - (5) ensure final settlement latest by the end of the value date;

- (6) ensure that the System has a safe and reliable information technology system and adequate interfaces established to ensure interoperability between other Systems and Payment Services, as well as robust business continuity and disaster control procedures.
- (b) The Authority may, in addition to the conditions provided in subsection (a), impose additional licence conditions on an Operator. The Authority also has power to subsequently add to, modify or waive any of the conditions of a licence imposed under this subsection.
- (c) Where an Operator breaches any condition of its license, after considering the gravity of the contravention, the Authority may revoke its licence or take any enforcement action specified in this Act against it.
- (d) Every Payment Services Provider shall comply with the following licence or permit conditions at all times:
 - (1) maintain a minimum unimpaired capital not less than the amount as may be prescribed by the Authority;
 - (2) Major Shareholders, members of the board of directors and members of senior management of the Payment Services Provider must at all times be fit and proper persons;
 - (3) not carry out any other Payment Service or business other than the Payment Services for which the licence or permit has been granted, without obtaining the approval of the Authority;
 - (4) establish appropriate internal controls and other systems to manage risks associated with the provision of the Payment Service; and
 - (5) establish a mechanism to safeguard funds received from customers for payment transaction execution, to ensure that it will not commingle at any time with the funds of third parties.
- (e) The Authority may, in addition to the conditions provided in subsection (d), impose additional licence or permit conditions on a Payment Services Provider. The Authority also has power to subsequently add to, modify or waive any of the conditions of a license or permit imposed under this subsection.

- (f) Where a Payment Services Provider breaches any condition of its licence or permit, after considering the gravity of the contravention, the Authority may revoke its licence or permit or take any enforcement actions specified in this Act against it.
- (g) In addition to the conditions under subsection (d), a Payment Services Provider who has been licensed or permitted to issue Electronic Money shall also comply with the following conditions:
 - (1) Electronic Money services shall not be provided on credit basis;
 - (2) establish clearing and settlement mechanisms which will facilitate rapid provision of final settlement of Payment Instructions, according to time limits prescribed by the Authority;
 - (3) issuer shall redeem Electronic Money at par value, upon request to the party making the request;
 - (4) money received in exchange for Electronic Money shall not be treated as a deposit.

Procedures for the Issuance of Licence

21. (a) Applicants shall provide the information and documents under section 19 (a) and (b) of this Act, in a timely manner, as well as any other information requested by the Authority for the purpose of processing the application, without delay. In the event that the applicants fail to provide all the necessary documents and information within 3 (three) months from the date of applying for the licence or permit, the Authority may cancel the licensing application.
- (b) The Authority may, upon receiving an application for a licence or permit -
- (1) grant the licence or permit, with or without conditions; or
 - (2) refuse to grant the licence or permit.
- (c) The Authority shall, in deciding whether to grant or refuse to grant a licence or permit to operate a System or provide Payment Services, have regard to the licensing or permit requirements, conditions and standards stated in this Act and the efficiency, soundness and reliability of the proposed System or Payment Service.

- (d) The types or activities of Payment Services licenced or permitted shall be determined and stipulated in granting the licence or permit.
- Change in Licence or Permit** 22. (a) Any Payment Services Provider intending to vary its licensed Payment Service or Services, shall submit a request to the Authority for approval. Such requests shall be submitted in a manner prescribed by and with the information as may be determined by the Authority.
- (b) The Authority may determine to charge an application fee for such requests submitted under subsection (a) and shall publish the application fee, if so determined.
- (c) The application fee determined under subsection (b) is non-refundable whether the Authority grants or denies the application.
- (d) The Authority may, upon receiving a request under subsection (a) -
- (1) issue approval, with or without imposing conditions or restrictions as determined by the Authority; or
- (2) refuse to grant approval.
- Suspension or Revocation of Licence or Permit** 23. (a) The Authority has power to revoke or suspend the licence or the permit granted to provide a Payment Service or the licence to operate a System in the event of any of the following occurrences or events:
- (1) where the Payment Services Provider has failed to commence the Payment Service or the Operator has failed to commence operating the System within 12 (twelve) months of issuance of the licence or permit, unless a shorter period was provided to commence the Payment Services or operating the System as a condition of the licence or permit;
- (2) where the Payment Services or the operation of the System has ceased or been brought to a halt for a period of more than 1 (one) month;
- (3) where it becomes evident that the licence or permit to provide Payment Services or the licence to operate the System has been obtained through submission of false information or any other illicit means;
- (4) where there is a breach of a condition of the licence or permit;

- (5) where it appears to the Authority, that the operation of the System or provision of the Payment Service will have an adverse impact on the maintenance of financial stability of the Maldives;
 - (6) where the Authority determines or believes that the Payment Services Provider or the Operator has contravened any provision of this Act, or regulation or guideline issued by the Authority under this Act, or failed to comply with a condition imposed, or directive or instruction issued by the Authority;
 - (7) where Insolvency Proceedings have commenced against the Payment Services Provider or the Operator;
 - (8) where, the Authority determines that the public interest or the interest of the Participants will not be served by the provision of Payment Services or the operation of the System;
 - (9) where the financial condition of the party deteriorates to a level that is not acceptable to the Authority;
 - (10) where the Payment Services Provider has provided or is providing a Payment Service, or the Operator has operated or is operating a System in a manner which the Authority considers unsafe and unsound;
 - (11) where any of its Major Shareholders is not a fit and proper person;
 - (12) where the Payment Services Provider or Operator provided a false or misleading information to the Authority or mislead the Authority.
- (b) The Authority shall, immediately upon a decision on the revocation or suspension of a licence or permit, notify its decision to the Payment Services Provider or the Operator.
 - (c) The Authority shall, immediately upon the revocation or suspension of a licence or permit, make this publicly known in such manner as the Authority deems appropriate.

**Licence or Permit
or Rights Non-
Transferable**

- 24.** A licence or permit issued under this Act, or any right acquired under this Act shall not be transferable, whether wholly or partly, except as may be prescribed by the Authority, and any transfer in contravention thereof shall be deemed void.

CHAPTER FIVE

SYSTEM RULES

System Rules

25. (a) The System rules applicable to the operations of the System must be formulated. The System rules formulated pursuant to this chapter shall be governed by the laws of the Maldives and must, at minimum, consist of the following:
- (1) approval or access criteria for Participants, and the criteria and conditions for suspension or exclusion of Participants;
 - (2) rights and obligations of Participants deriving from their participation in the System;
 - (3) moment when a Transfer Order is deemed entered into the System;
 - (4) moment in time from which the Transfer Order is deemed as having achieved finality;
 - (5) governance, management and operations of the System, including at a minimum, corporate governance, contingency arrangements, management of operational risk, liquidity risk, credit risk and settlement risk;
 - (6) rights and obligations of the Operator;
 - (7) in case of dispute, the place or court of competent jurisdiction or mechanisms in resolving the dispute, and;
 - (8) details of the person acting as a point of contact of the Operator in matters relating to the System.
- (b) The access criteria defined in subsection (a)(1), shall be objective, and non-discriminatory and those criteria shall inhibit System access to the minimum extent necessary to safeguard against risks such as settlement risk, operational risk and business risk and to protect the financial and operational stability of the System.
- (c) The System rules must be approved by the Authority, prior to the commencement of the operation of the System. All subsequent amendments to the System rules must equally be approved by the Authority prior to implementation of such amendments.

- (d) In the absence of prior approval by the Authority, the amendments to System rules, shall not be binding vis-à-vis the Participants of such System.
- (e) The Authority may vary or revoke any System rules where it deems appropriate to do so, having regard to the following:
 - (1) public interest;
 - (2) interest of the current Participants;
 - (3) interests of potential Participants who, in the future, may desire to participate in and access the System;
 - (4) other matters the Authority deems necessary to ensure efficiency of the operations of the System.

CHAPTER SIX

APPOINTING AGENTS AND OUTSOURCING

Outsourcing of Activities

26. (a) A Payment Services Provider or an Operator shall not outsource any of its operational functions without the written approval of the Authority.
- (b) Outsourcing of important operational functions shall not be undertaken in such a way as to impair the quality of the internal control of the Payment Services Provider or the Operator, or the ability of the Authority to monitor its compliance with the requirements under this Act.
- (c) For the purposes of subsection (b), an operational function shall be regarded as important if a defect or failure in its performance would impair the ability to continue the provision of the service by the Payment Services Provider or the Operator, efficiently and without any disruptions or impairs the ability to maintain its financial soundness or to comply with the conditions of its licence or permit.
- (d) In outsourcing an important operational function, the Payment Services Provider or the Operator shall not:
- (1) delegate any responsibility of a member of senior management;
 - (2) alter the obligations of the issuer of a Payment Instrument towards its users, or the relationship between the issuer and user of a Payment Instrument; and

- (3) carry out anything which may prevent fulfillment of any of the conditions of the licence or permit.

Appointment of Agents

- 27. (a) Any Payment Services Provider seeking to provide Payment Services to customers through an agent shall submit an application for approval to the Authority in writing, in such manner and with such information as prescribed by the Authority.
- (b) A Payment Services Provider shall ensure that its agent discloses to customers that it is acting as an agent of that Payment Services Provider.
- (c) The Payment Services Provider shall not restrict the agent from acting as an agent for another Payment Services Provider by virtue of the agency agreement entered between the Agent and the Payment Services Provider.

Responsibility in Outsourcing Functions and Appointing Agents

- 28. (a) Where a Payment Services Provider provides services through agents, or a Payment Services Provider or a Operator provides services through outsourcing, they shall ensure that the requirements of this Act are fully complied with by such agents or outsourced entity.
- (b) The Payment Services Providers and the Operators shall remain fully liable for any acts of their Agent or outsourced entity.

Consumer Protection

- 29. (a) The Authority shall regulate the conduct of Payment Services Providers towards its customers.
- (b) The Authority shall issue regulations, principles, standards and guidelines to ensure protection of customers of Payment Services, including the following matters:
 - (1) disclosure of all the terms, conditions and fees of the transactions to the customers;
 - (2) responsible pricing;
 - (3) fair treatment towards all customers.

CHAPTER SEVEN
SETTLEMENT, NETTING AND FINALITY OF PAYMENTS

- Settlement Account**
30. Every Participant, in order to make settlement, shall:
- (a) open Settlement Accounts with the Authority or a financial institution determined by the Operator; or
 - (b) appoint another Participant as a Settlement Agent which has opened a Settlement Account with the Authority or in a financial institution determined by the Operator, to settle all obligations due from the Participant to any other Participant arising out of each day's clearing.
- Netting Arrangements**
31. (a) Transfer Orders and Netting of Transfer Orders shall be legally enforceable in the Maldives and binding on third parties.
- (b) Notwithstanding any contrary provision contained in any other law, every Netting Arrangement that is valid and enforceable shall be given effect.
- Finality**
32. (a) An Operator shall specify the rules on achieving finality in its System, in accordance with the provisions of this Act and as prescribed by any regulations, guidelines or directions issued by the Authority. Finality of a payment is when the payment becomes irrevocable and unconditional.
- (b) Notwithstanding any contrary provisions contained in any other law, when a payment is final in accordance with the System rules, that payment and the Transfer Order attributable to that payment shall:
- (1) be valid and enforceable; and
 - (2) not be revoked, reversed or set aside; and
 - (3) be complied with.
- Collateral for Payment and Settlement**
33. (a) Notwithstanding any contrary provisions contained in any other law, the rights and remedies of an Operator, Participant, Clearing House, Central Counter-party or any other third party in the System or the Authority, with respect to Collateral granted to it as security for a payment or the performance of an obligation incurred in a System shall not be affected in any way by Insolvency Proceedings.
- (b) Notwithstanding any contrary provisions contained in any other law, the rights and remedies referred to in subsection (a) shall not be the subject of any stay provision or order

affecting the ability of creditors to exercise their rights and remedies with respect to the Collateral.

CHAPTER EIGHT

PRINCIPLES APPLICABLE IN INSOLVENCY PROCEEDINGS

Principles Applicable in Insolvency Proceedings

34. (a) Where the Court commences an Insolvency Proceeding against a System, an Operator or a Participant, the Court shall inform the Authority in writing within 1 (one) hour from commencement of such proceedings.
- (b) The Authority shall ensure that upon commencement of Insolvency Proceedings and receipt of the Court's communique as stated in subsection (a), such communique is provided as soon as reasonably practicable to the domestic Systems and Operators and, if required under international co-operation arrangements and agreements with competent foreign authorities, to foreign Systems or Operators, by sending a copy of the communique to these entities.
- (c) Whenever the Authority makes a decision with respect to a Participant of a System, the effect of which is to open an Insolvency Proceedings in relation to the Participant, the Authority shall, as soon as is reasonably practicable, notify the domestic Systems and Operators and, if required under international co-operation arrangements and agreements with competent foreign authorities, the foreign Systems or Operators, by sending a copy of the relevant decision to these entities.
- (d) Notifications of Insolvency Proceedings commenced against foreign Systems, Operators or Participants received by the Authority from foreign competent authorities under international co-operation arrangements and agreements shall be provided as soon as reasonably possible by the Authority to domestic Systems, Operators and Settlement Agents.

Prohibition for Operators to Operate any System or Participant to Participate in any System

35. An Operator or Participant against which an Insolvency Proceeding has commenced or which has approved its voluntary dissolution, shall not in the case of the Operator operate any System or in the case of a Participant participate in any System without the approval of the Authority.

- Unaffected Status of Finality** 36. Notwithstanding any contrary provisions in any other law, the opening of any Insolvency Proceeding shall not affect the finality of any payments processed in a System, or the irrevocability of any Transfer Order entered into a System, unless the payment which was processed or the Transfer Order entered before the Operator was made aware of such Insolvency Proceeding.
- Netting Arrangement and System Netting Rules Binding on the Liquidator** 37. A liquidator shall, where Insolvency Proceedings have been commenced in relation to a Participant, be bound by any provision contained in a Netting Arrangement to which the Participant is a party or any netting rules and practices applicable to the System of the Participant concerned in respect of any payment or Settlement obligation which satisfies the following:
- (a) The Transfer Order has been entered into the netting process prior to the Operator's receipt of the Authority's decision or copy of the Court order on commencement of Insolvency Proceedings in relation to the Participant; and
 - (b) The Netting process is completed on or after the date of communication of the Authority's decision or Court order on commencement of the Insolvency Proceedings.
- Enforcement of Rights** 38. The provisions of this Chapter shall not restrict or preclude any person from enforcing his rights under this Act in so far as it does not affect the finality of a payment processed in a System or the irrevocability of a Transfer Order entered into the System or the validity and enforceability of a Netting Arrangement.
- Law Governing Participants** 39. (a) In the event of Insolvency Proceedings being commenced against a foreign Participant of a System falling under the purview of this Act, the rights and obligations arising from, or in connection with, the participation of that foreign Participant shall be governed and determined entirely and exclusively by the laws of the Maldives.
- (b) In the event of Insolvency Proceedings being opened against a domestic Participant of a foreign System, the rights and obligations arising from, or in connection with, the participation of that Participant in such System shall be governed and determined entirely and exclusively by the law governing that foreign System.

CHAPTER NINE

AUDIT

- Audit** 40. (a) Each Payment Services Provider and Operator shall appoint an external auditor who is qualified and experienced in the

field of audit., and who shall be a Licensed Auditor acceptable to the Authority.

- (b) The Payment Services Provider or the Operator shall agree on the following with the external auditor appointed and include it in the agreement entered between them:
 - (1) working papers of transactions of concern and all reports prepared by the external auditor, must upon request, be made available to the Authority;
 - (2) the external auditor shall, at the request of the Authority, undertake such additional assignments or prepare such additional reports regarding the entity.
- (c) The external auditor appointed or proposed to be appointed or any member of the audit firm, shall not be a shareholder, member of the board of directors, member of senior management, employee, agent or representative of the Payment Services Provider or the Operator. The external auditor may not have any interest in the Payment Services Provider or the Operator, and should the external auditor acquire any interest in such entity, the Authority shall be informed, in writing and as soon as reasonably practicable, of the specifics of how such interest arose and shall not appoint or continue receiving the services of the external auditor without the prior written approval of the Authority for such appointment or continuation.
- (d) The external auditor shall not provide services to the entity that are related to the internal audit function of the entity, and except occasionally for training purposes shall not provide services on which the external auditor would be expected to give an opinion as a result of an external audit. In the event that the entity should need assistance in maintaining proper accounting systems and principles, or in establishing proper financial control and risk management systems and procedures, such assistance shall be provided by Licensed Auditors other than the entity's external auditor, except when directed by the Authority pursuant to subsection (g) and (h).
- (e) If an external auditor, in the course of performing the auditor's duties, believes any of the following matters has occurred with respect to the entity, the auditor must immediately report that matter to the Authority:
 - (1) losses have been incurred that reduce the capital of the entity by at least 50% (fifty percent);

- (2) an allegation that fraud or dishonesty or other criminal offence has been committed or is being committed by a member of the board of directors, member of senior management, or employee of the entity;
 - (3) there has been a contravention of the provisions of this Act or any other Act, or any regulation or instruction issued by the Authority or non-observance of such Acts or regulations;
 - (4) internal controls have weakened to a level which could cause risk that may negatively impact the financial condition of the entity;
 - (5) information technology systems or the management activities of the entity is such that it may cause a disruption in the normal operation of the System or a cessation in provision of the Payment Services.
- (f) Where an auditor or an ex-auditor, discloses any report or information in good faith to the Authority under this section, such disclosure shall not amount to a contravention of any law, regulation, agreement or professional conduct requiring compliance by such auditor. Nor shall such party be subjected to any civil or criminal prosecution or fined for such disclosure.
- (g) The Authority may require an external auditor appointed by a Payment Services Provider or an Operator to carry out any of the following:
- (1) to submit such additional information in relation to the audit as the Authority considers necessary;
 - (2) to enlarge or extend the scope of audit;
 - (3) to submit any report, carry out any examination or to advice on any other matter as specified by the Authority;
 - (4) to submit a report to the Authority on the financial and accounting systems and internal controls of the entity;
or
 - (5) to submit a report to the Authority on whether or not adequate measures to prevent money laundering and financing of terrorism have been adopted by the entity and are being implemented accordance with such regulations and directives;

- (h) The Authority may require the Payment Services Provider or the Operator to prepare and submit a report on a specific matter, whether through their external auditor or any other party determined by the Authority, including a report on the efficiency of their accounting system and information technology systems, and their operational policies and controls.
- (i) The cost of the audits and reports mandated by the Authority under subsection (g) and (h) shall be borne by the Payment System Provider or Operator which has appointed the auditor.
- (j) Each Payment Services Provider and Operator shall submit to the Authority a copy of its annual audited financial statements, including management letter from the auditor, if any, no later than 4 (four) months from the end of every financial year.
- (k) In the event that the Authority is not satisfied or does not agree with the audit report or audited financial statements submitted under subsection (j), the Authority may require the entity to appoint another auditor to prepare a new audit report within a time specified by the Authority and at the expense of such entity.

Special Audit

41. (a) The Authority may appoint another auditor to audit the financial statements, records and other documents of the Payment Services Provider or the Operator, in any of the following circumstances:
- (1) the Payment Services Provider or the Operator has failed to appoint an auditor in accordance with section 40 of this Act;
 - (2) the Authority deems it essential that another auditor should act with the auditor appointed by the Payment Services Provider or the Operator under section 40 of this Act.
- (b) If the Authority appoints an auditor under subsection (a), the Payment Services Provider or the Operator shall provide access to all financial statements, records, documents and systems of the Payment Services Provider or the Operator as may be required by the auditor. The auditor shall also be provided with information from the members of the board of directors and the employees of the entity that the auditor requires for the performance of the auditor's obligations under this section.

- (c) All costs associated to the appointment of the auditor under subsection (a) shall be borne by the respective Payment System Provider or Operator.

Term of Office of the Auditor

42. The term of the external auditor appointed under this Act shall be 1 (one) year and such auditor can be appointed for a maximum consecutive term of 3 (three) years.

Revocation of Auditors Appointment

43. (a) The Authority may instruct in writing to a Payment Services Provider or an Operator to remove its external auditor and appoint another auditor, if the Authority believes that, the auditor has failed to fully perform the obligations of the auditor of a Payment Services Provider or Operator as required under this Act and regulations issued under this Act or any other relevant act or regulation or such auditor is not a fit and proper person. If such an instruction is issued, the Payment Services Provider or the Operator shall remove the auditor and appoint a new auditor.
- (b) An external auditor of a Payment Services Provider or Operator, shall be removed prior to expiry of its term of, only with the approval of the Authority, where such application for approval, shall specify detailed reasonings for removal.

Duty of Confidentiality by Auditors and its Employees

44. Except in connection with matters or circumstances specified herein, or if required to disclose during court proceedings, an auditor appointed under section 40 and section 41 of this Act and its employees, shall not disclose any information within its knowledge by virtue of it carrying out its engagement, except to the Authority. This does not include disclosure of information by the auditor's employees to the auditor.

**CHAPTER TEN
OVERSIGHT**

Inspection

45. The Authority may at any time cause an on-site examination of a Payment Services Provider or an Operator, to be made by one or more officers of the Authority, or by any other person or persons appointed by the Authority for the purpose of determining the extent to which it complies with the provisions of laws and regulations regarding the management of its activities, and any other matters deemed relevant by the Authority. The books, accounts, documents, records, computer systems and, other machines and systems of a System or a Payment Services Provider can be inspected during such inspection and can also be retained where the Authority deems this necessary. The Authority

may also interview employees and other related parties of a Payment Services Provider or System during such inspections.

Submission of Information

46. Every Payment Services Provider, Operator, Participant, Settlement Agent, their agent or outsourced entity, shall provide any information or document or report at such time and in such manner as specified by the Authority, including the following information-
- (a) information related to operation of the System and provision of Payment Services;
 - (b) information on the prices, fees and any other charges applicable for the services provided.

Disclosure of Information and Duty of Confidentiality

47. The Authority, including its employees, officers or any other person appointed by the Authority, shall not directly or indirectly disclose to any person any information or document obtained during the exercise of its functions under this Act, except that it may disclose:
- (a) for the purposes of performing its functions under this Act or any other Act;
 - (b) to protect the financial integrity, effectiveness or security of the National Payment System;
 - (c) to a person who is legally authorized to receive such information;
 - (d) when ordered by a court of law;
 - (e) to comply with obligations arising under international agreements to which Maldives is party to;
 - (f) to a foreign supervisory authority.

Retention of Information and Records

48. (a) Every Payment Services Provider, Operator and Participant shall retain all such information prescribed by the Authority for such duration as the Authority may prescribe.
- (b) This section does not restrict retention of records under subsection (a) by electronic means.

Compliance with Measures to Counter Money Laundering

49. (a) The Authority has power to formulate and issue regulations, principles and directions applicable to Payment Services Providers or Operators or Participants, or their agents and representatives to prevent and counter money laundering and financing of terrorism activities.

- (b) Any person who is subject to instructions issued by the Authority under subsection (a), shall comply with such instructions.

CHAPTER ELEVEN

ENFORCEMENT MEASURES

Operation of System without a Licence or a Permit

- 50. (a) No person shall provide a Payment Service in the Maldives unless the person has a licence or permit issued by the Authority under this Act, that entitles such person to provide that Payment Service. No person shall operate a System unless the person has a licence issued by the Authority under this Act. No person shall purport to carry out or advertise to carry out such services or activities without a licence or permit.
- (b) If any person contravenes subsection (a), the Authority may impose a fine of an amount between 100,000 (one hundred thousand) Maldivian Rufiyaa and 10,000,000 (ten million) Maldivian Rufiyaa on such person.

Providing False or Misleading Information and Failure to Provide Information or Providing Incorrect Information

- 51. (a) If any person, in connection with any application for a licence or permit under this Act, or in submitting any information, financial statement or document as required under this Act, or in supplying information expected to be relied upon by the Authority in administering this Act, wilfully makes any statement to the Authority that is misleading or that the person knows to be untrue in any respect, the Authority may impose a fine of between 100,000 (one hundred thousand) Maldivian Rufiyaa and 10,000,000 (ten million) Maldivian Rufiyaa on such person.
- (b) If any person fails to furnish information, documents or records as required by the Authority under this Act, the Authority may impose a fine of between 50,000 (fifty thousand) Maldivian Rufiyaa and 10,000,000 (ten million) Maldivian Rufiyaa on such person.
- (c) If any Payment Services Provider or Operator or Participant, or an agent or decision maker of an Payment Services Provider or Operator or Participant commits any of the following acts, the Authority may impose a fine not exceeding 10,000,000 (ten million) Maldivian Rufiyaa. The Authority may also impose a fine not exceeding 10,000 (ten thousand) Maldivian Rufiyaa on a daily basis until such contravention is ceased.

- (1) obstruct the Authority in any manner in carrying out its regulatory and oversight duties entrusted under this Act;
- (2) obstruct the external auditor's exercise of its responsibilities or refuse to give it access to all documents relevant to the accomplishment of its responsibilities including all agreements, accounting documents, books, documents and minutes.

**Administrative
Actions**

52. (a) The Authority may take one or more measures in subsection (b), in cases where it determines or has reasons to believe that Payment Services Provider, Operator, Participant, Settlement Agent; or any member of their board of directors, or any of their employees or any of their decision makers, or their agents or outsourced entity; or any other person -

- (1) has contravened or may contravene the provisions of this Act or of any regulation issued under this Act, any condition of licence or permit, or any direction or instruction or order issued by the Authority; or
- (2) has engaged or may engage in unsafe or unsound business operations.

(b) If any of the contraventions stipulated in subsections (a) (1) and (2) have occurred, or the Authority has reason to believe that they have occurred or will occur, the Authority may take one or more of the following measures:

- (1) require it to cease some of its operations;
- (2) impose conditions or prescribe the manner in which the business shall be continued;
- (3) restrict from declaring or paying any dividends, or limit dividends to shareholders;
- (4) require to deposit a certain sum of money with the Authority, for a certain period of time and on such reasonable conditions as the Authority may prescribe;
- (5) require the chairperson of the board of directors to convene a meeting of the board of directors to review and examine the contraventions and to take necessary measure to rectify such contraventions. The representatives of the Authority may attend such meetings, if deemed necessary by the Authority.

- (6) require the entity to temporarily or permanently remove from office, the chief executive officer, managing director, any other executive officer, or a decision maker, or the employee in charge of operations, or the agent, depending on the seriousness of the contravention;
 - (7) require the entity to remove the chairman or any of the member of the board of directors;
 - (8) impose a fine of an amount not exceeding 10,000,000 (ten million) Maldivian Rufiyaa, on the chief executive officer, or managing director, or any other executive officer or a decision maker or the employee in charge of operation or any other employee or the agent, in the event that the Authority determines that such person is responsible for the existence of the contraventions stipulated in subsection (a) (1) and (2);
 - (9) impose a fine of an amount not exceeding 10,000,000 (ten million) Maldivian Rufiyaa;
 - (10) impose a fine of an amount not exceeding 10,000,000 (ten million) Maldivian Rufiyaa on a daily basis if the Authority deems it necessary, until cessation of the contravention or compliance is obtained;
 - (11) revoke the licence or permit issued to the entity.
- (c) The Authority shall have the power to remove any member of the board of directors, member of the senior management, or employee, of a Payment Services Provider or Operator or Participant or Settlement Agent from office or employment; or bar employment with any entity subject to supervision by the Authority under this Act, if the Authority determines that:
- (1) the person intentionally committed or participated in the commission of an act referred to in subsection (a) (1) and (2), or intentionally contravened an order of the Authority issued in response to the same or a similar act; and
 - (2) as a result of an act referred to in subsection (a) (1) and (2), the entity has suffered, or will likely suffer, financial loss or other damage, or the person has received financial gain or other benefit as a result of the commission of such an act; and

(3) as a result of an act referred to in subsection (a) (1) and (2) due to personal dishonesty on the part of the person, or demonstrates a wilful or continuing disregard for the safety and soundness of the operations of the entity.

(d) The Authority may impose a fine of an amount not exceeding 10,000,000 (ten million) Maldivian Rufiyaa on a Payment Services Provider, an Operator, a Participant or a Settlement Agent, or any of members of the board of directors, employee or any decision makers or agents or any other representative of such entity, who commits any of the following acts. The Authority may also impose a fine not exceeding 100,000 (one hundred thousand) Maldivian Rufiyaa on a daily basis until cessation of such contravention:

(1) submission to the Authority materially deficient or false financials or information that is intentional or negligent; or

(2) failure to provide the Authority with information in its possession as requested by the Authority, or within the time specified by the Authority.

General Non-Compliance Penalty

53. (a) Where a person contravenes any provisions of this Act for which a specific penalty has not been stipulated, the Authority has discretion to impose a fine of an amount between 5,000 (five thousand) Maldivian Rufiyaa and 10,000,000 (ten million) Maldivian Rufiyaa on such persons. The Authority may impose a fine of an amount not exceeding 5,000 (five thousand) Maldivian Rufiyaa on a daily basis until cessation of the contravention or obtaining of compliance.

(b) Where a person contravenes any regulations issued under this Act or any instructions of the Authority given under this Act, the Authority has discretion may impose a fine of an amount between 5,000 (five thousand) Maldivian Rufiyaa and 10,000,000 (ten million) Maldivian Rufiyaa on such persons. The Authority may impose a fine of an amount not exceeding 5,000 (five thousand) Maldivian Rufiyaa on a daily basis until cessation of the contravention or obtaining of compliance.

Non-Barring Criminal Offenses

54. The imposition by the Authority, of a fine stipulated in this Act for an offence specified herein, shall not bar the imposition of additional criminal penalties under the Maldives Penal Code for

acts which constitute criminal offences under the Maldives Penal Code.

CHAPTER TWELVE

OTHER MATTERS

- Confidentiality**
55. (a) A Payment Services Provider shall maintain confidentiality of their customers' information. It shall be prohibited to provide information on the aforesaid, directly or indirectly, without the written approval of the concerned customer or; in the event that the customer is deceased, without the written consent of the customer's legal representative, or one of the customer's heirs; or without the Order of a Court of law; or without a written request from a lawfully designated criminal investigative authority; or without a written request from the Prosecutor General; or the existence of one of the events or circumstances permitted under this Act. This prohibition shall remain in effect even if the relationship between the customer and the Payment Services Provider ends for any reason.
- (b) An Operator shall maintain confidentiality of and shall not disclose, to any person, the information in the System operated by it.
- (c) Except in the events or circumstances as provided in this Act, no current or former member of the board of directors, officer, employee, agent, consultant or auditor of a Payment Services Provider or Operator shall disclose or provide to any person or enable to access to any information subjected to confidentiality under subsection (a) and (b).
- (d) Disclosure of information in the following circumstances shall be exempt from the confidentiality requirement stipulated in subsection (a) and (b).
- (1) external auditors, in the performance of its legal responsibilities;
 - (2) information and documents requested by the Authority in connection with its responsibilities under this Act or under Law No. 6/81 (Maldives Monetary Authority Act 1981);
 - (3) actions taken in good faith for the prevention of corruption, anti-money laundering, and countering the

financing of terrorism pursuant laws or regulations dealing with such matters.;

- (4) Payment Services Provider's disclosure of all or some information on a customer's transactions to prove its rights in connection with a claim in a judicial proceeding with a customer regarding these transactions;
- (5) any other circumstances stipulated by the Authority by regulation.

Evidence

56. The existence, the content and the timing of any Electronic Funds Transfer, its entry into a System and execution, issuance, acceptance, processing and settlement of a Payment Instruction may be submitted as evidence and is enforceable in all cases, be it civil, criminal or administrative, vis-à-vis any Participants, Payment Services Providers, Operator or any third parties in writing or in a permanent medium ensuring its traceability, be it in an electronic or optical form, including the print out of such electronic or optical document.

Obtaining Assistance from Other Parties

57. Where the Authority believes that any person is acting in contravention of this Act, the Maldives Police Service shall assist the Authority to gain access to the premises of such person to examine their systems, books, documents and accounts; or to obtain such materials for the Authority to inspect.

Mandating Participation of Licensed or Permitted entities

58. The Authority shall have the power to require a financial institution or financial institutions regulated and supervised by the Authority to participate in developmental projects initiated or carried out by the Authority, for the purpose of strengthening and developing of the National Payment System in the Maldives or to attain the objectives of this Act. Upon instruction, such institutions shall participate in the project as may be required by the Authority.

Exemptions

59. The Authority may exempt any person or a System or Operators of particular type of Systems or a Payment Services Provider or particular type of Payment System Providers, from complying to a specific provision or provisions of this Act, for a specific period, subject to such conditions as may be prescribed by the Authority.

Cheque Clearance

60. (a) A cheque may be presented for clearing either physically or as an Electronic Cheque, with its essential features, by the Bank on whom it is drawn, to obtain funds for the cheque. For this purpose, the Authority shall prescribe the essential features of the cheque.

- (b) The presentment of an Electronic Cheque shall be deemed to be the same as the physical cheque it represents for the purposes of primary evidence in a Court of Law.
- (c) Presentment of an Electronic Cheque under subsection (a) shall be deemed as valid presentment for the purposes of honouring it.

**Saving and
Transitional
Provisions**

61. (a) Any person that provides a Payment Service or operates a System, when this Act comes into effect, may continue to provide that Payment Service or operate that System for a period a period of 6 (six) months from the date of commencement of this Act.
- (b) Any person, who on the date this Act enters into effect, provides a Payment Service or operates a System, and wishes to continue to provide that Payment Service or operate that System further to the expiry of the period stated in subsection (a), shall apply for a licence or permit under this Act within 3 (three) months from the date of commencement of this Act.
- (c) The Authority shall, on receipt of the application referenced in subsection (b), decide within the period specified in subsection (a) on whether to grant or deny the licence or permit.
- (d) Any person, on the date this Act enters into effect, that provides Remittance Services with a licence issued by the Authority, is deemed to have been granted a licence under section 21(b) that entitles that person to carry on providing Remittance Services. Such person shall be subject to this Act, and any operations conducted by such person at the time this Act becomes effective that do not conform to the requirements of this Act shall be brought into compliance with this Act, within such time period as the Authority may prescribe but not to exceed 1 (one) year from the date of commencement of this Act.

**Fees and Other
Charges**

62. (a) The Authority may charge an annual fee or licence fee or permit fee from Payment Services Providers and Operators.
- (b) The Authority may levy a fee or charge for services provided by the Authority or for services provided by the systems operated by the Authority.
- (c) The Authority shall publish any charges or fees that the Authority determines is payable under subsection (a) and (b).

- Precedence of this Act** 63. In the event of any inconsistency between the provisions of this Act and any other law, the provisions of this Act shall prevail.
- Issuing and Enforcing Regulations** 64. (a) All regulations to be issued under this Act shall be issued and enforced by the Authority. Any regulations required herein to be issued on any specific matter, shall be issued within 1 (one) year from the date of commencement of this Act, and published in the Government Gazette.
- (b) For the purpose of implementing and enforcing this Act, the Authority may issue regulations, guidelines, directions, instructions and circulars.
- Entry into Force** 65. This Act shall come into effect on the date of expiration of 4 (four) months after the Act is passed, ratified and published in the Government Gazette.
- Definitions** 66. Unless otherwise specified in this Act, the following words and terms shall have the meanings assigned to them below:
- (a) "Authority" means the Maldives Monetary Authority established by Law No. 6/81 (Maldives Monetary Authority Act 1981);
- (b) "Bank" has the same meaning as provided in Law No. 24/2010 (Maldives Banking Act);
- (c) "Cheque Image" means a digital image of the front and back of a physical cheque and which complies with such minimum safety standards as may be prescribed by the Authority;
- (d) "Collateral" means an asset or third-party commitment provided to secure a credit, which is acceptable to the receiver of the collateral;
- (e) "Electronic Cheque" means a cheque which contains the Cheque Image or data representing the essential features of the cheque or both. It is generated, written and signed in a secure system ensuring minimum safety standards as may be prescribed by the Authority;
- (f) "Electronic Funds Transfer" means a transfer of funds which is initiated by a person to authorise or order a Payment Services Provider to debit or credit the account of a customer through electronic means, including but not limited to debit or credits enacted through point of sale (POS) transfers, automated teller machine (ATM), mobile phone, internet, or through cards;

- (g) “Financial Instruments” means shares in foreign or domestic companies, other securities and bonds equivalent to shares in companies and other forms of debt instruments negotiable on the capital market, and any other securities which are normally dealt in and which give the right to acquire any such shares, bonds or other securities by subscription, purchase or exchange or which give rise to a right of cash settlement (excluding Payment Instruments), including units in collective investment undertakings, money market instruments and claims relating to or rights in or in respect of any of the foregoing;
- (h) “Insolvency Proceeding” means any measures provided for in the laws of the Maldives or another country to declare a person or entity insolvent or to reorganize an entity, including such measures involving the temporary suspending of, or imposing limitations on transfer of money or payments; Insolvency Proceedings encompass the commencement of bankruptcy proceedings against Banks in accordance with Law No. 24/2010 (Maldives Banking Act);
- (i) “Major Shareholder” means a person who, directly or indirectly, holds a minimum of 10% (ten percent) of the capital or the voting rights of a legal entity, or who, in the opinion of the Authority, is able to control such legal entity;
- (j) “Netting Arrangement” means an arrangement in writing to convert several claims or obligations into one net claim or one net obligation;
- (k) “Operator” means any entity licensed by the Authority to operate a System;
- (l) “Participant” means a person who is recognised in the System rules as eligible to transfer, clear and settle through the System with other Participants either directly or indirectly;
- (m) “Licensed Auditor” means an auditor with a licence issued by the Institute of Chartered Accountants of the Maldives to audit;
- (n) “Payment Instruction” means any instruction, authorization or order in any form, including electronic means, to execute a payment, by a person to a Participant or Payment Services Provider, or by a Participant to another Participant;

- (o) "Payment Services Provider" means any entity licensed or permitted under this Act to provide Payment Services;
- (p) "Remittance Service" means a transfer of funds that accepts cash or other Payment Instruments in one location and pays a corresponding sum in cash or other form to a beneficiary in another location by means of communication, a message, transfer or through a clearing network to which the fund transfer service belongs;
- (q) "Settlement Account" means an account in the books of the Authority or in the books of any other entity acting as a Settlement Agent, used to hold funds and Financial Instruments and to settle Transfer Orders between Participants.
- (r) "Settlement Agent" means an entity providing Settlement Accounts to Participant's to hold funds and through which Transfer Orders within such Systems are settled and, as the case may be, extending credit to those Participants for settlement purposes;
- (s) "Transfer Order" means:
 - (1) any instruction by a Participant or System to place at the disposal of a recipient an amount of money by means of a book entry or electronic transfer on the accounts of a Participant, or
 - (2) an instruction by a Participant to transfer the title to, or interest in a Financial Instrument by means of a book entry, or otherwise;
- (t) "Maldives Banking Act" means Law No. 24/2010 (Maldives Banking Act) which is currently in force, including any amendments as may be brought to it.
- (u) "Maldives Securities Act" means Law No. 2/2006 (Maldives Securities Act) which is currently in force, including any amendments as may be brought to it.
- (v) "Maldives Companies Act" means Law No. 10/96 (Maldives Companies Act) which is currently in force, including any amendments as may be brought to it.
- (w) "Maldives Penal Code" means Law No. 9/2014 (Maldives Penal Code) which is currently in force, including any amendments as may be brought to it.