



MALDIVES MONETARY AUTHORITY ACT 1981

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MALDIVES MONETARY AUTHORITY ACT 1981

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

Chapter I - Preliminary

Short title 1. This Act is called “Maldives Monetary Authority Act 1981”. The President of the Republic may appoint different dates in relation to the coming into effect of the different provisions of this Act.

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

“Asset” means anything of value that is owned;

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

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

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

“Non-bank Financial Business” means a party carrying out a financial business other than banking business; This includes, investment banking business, or merchant banking business, or development banking business, or insurance business, or finance leasing business, or consumer finance business, or housing finance business, or remittance business, or money changing business, or card issuing and acquiring business, business of operating any type of payment and settlement instrument or system, or any party carrying out any other financial business or activity, other than those securities related businesses and services licensed under Law no. 2/2006 (Maldives Securities Act), which the Authority deems necessary to regulate and supervise for the stability of the financial sector of the Maldives.

“Non-bank Financial Institution” means any party licensed or permitted under this Act to conduct a non-bank financial business.

“Bill of Exchange” means an unconditional order in writing addressed by one person to another, requiring the person 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 person or to the bearer;

“Board” means the Board of Directors of the Authority;

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

“Cheque” means an unconditional order in writing, signed and issued by the drawer, to a banker/ person engaged in banking business, requiring the banker/ person engaged in banking business, to pay on demand a sum certain in money, to the person specified, or to his order, or to the bearer;

“Clearing House” means a place where banks located in the same city join together to facilitate the exchange of cheques, drafts and notes among themselves;

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

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

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

“External Reserve” means property of a determined kind, usually gold, S.D.R’s and foreign claims due to the Maldives from abroad;

“S.D.R” means the Special Drawing Rights of the International Monetary Fund;

“External Transaction” means any transaction involving foreign currency earned or remitted out of the Maldives;

“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, chairman and vice chairman of the board of directors, chief financial officer, chief executive officer, general manager, person in-charge of lending, and the treasurer.

“Financial Institution” means a party carrying out banking business, or investment banking business, or merchant banking business, or development banking business, or insurance business, or finance leasing business, or consumer finance business, or housing finance business, or remittance business, or money changing business, or card issuing and acquiring business, or business of operating any type of payment and settlement instrument or system, or any party carrying out any other financial business or activity, other than those securities related businesses and services licensed under Law no. 2/2006 (Maldives Securities Act), which the Authority deems necessary to regulate and supervise for the stability of the financial sector of the Maldives;

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

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

“Government” means the Government of the Republic of Maldives;

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

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

“Liability” means anything that has to be given or returned back to another person;

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

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

“Note” or “Coin” mean notes or coins issued under this Act for use as currency;

“Overdraft” means money drawn from a bank account in excess of the amount deposited;

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

“Re-discount” means re-sale of a promissory note or a bill of exchange by the buyer of it;

“Reserve” means cash/money maintained in a bank’s own vault, or claims in cash/ money maintained on deposit with another such party compulsorily or optionally;

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

“Security Business” means arranging or guaranteeing the purchase of securities for the issuer (securities underwriting), the purchase or sales of securities on the order and for the account of third parties (securities brokerage), and such securities business relating to the public;

“Security” means means:

- (1) a written instrument which is issued in bearer or registered form and is of a type commonly dealt in upon securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment;
- (2) a written instrument evidencing mortgage of property or a pledge in respect of a loan;

“Treasury Bill” means a financial document of the Government which is discounted and sold at less than its face value.

Chapter II - Constitution

- | | | |
|--|-----------|---|
| Establishment and Continuance 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 independent institution which may in its name, sue, be sued, enter into transactions, and as specified in this Act, receive, purchase, seize, hold/keep and use moveable and immoveable property of every description, and may convey, assign, surrender, receive, charge or mortgage, transfer or otherwise dispose of, or relinquish the ownership of, or transact with such property. |
| Principal purposes of the Authority | 4. | The principal purposes of the Authority shall be:-

(a) to issue currency and regulate the availability, and international value of the Maldivian Rufiyaa;

(b) to provide advisory services to the Government on banking and monetary matters;

(c) to supervise and regulate banking so as to promote a sound financial structure; and

(d) to promote in the country and outside the country the stability of Maldivian currency and foster financial conditions conducive to the orderly and balanced economic development of Maldives. |
| Places of Business | 5. | The Authority shall have its head office in Male' and may establish such branch offices within Maldives as it sees fit. |
| Responsibilities and other matters relating to the Board of Directors | 6. | (1) There shall be a Board of Directors responsible for determining the primary policies of the Authority.

(2) The Board shall be constituted of the following 7 (seven) persons:-

(a) Governor;

(b) Deputy Governor;

(c) an official from the Authority's economic research and statistics sector or the financial sector ; |

- (d) an official nominated by the Ministry of Finance and Treasury, holding a post that is senior level than that of Executive Director level in the Ministry of Finance and Treasury;
 - (e) an appointee from the economic sector of the Government other than the Ministry of Finance and Treasury;
 - (f) two appointee from the private sector who shall be capable persons of recognised standing and experienced in the economic sector and not representing a government office or a state owned company.
- (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.
- (4) The members specified in section (2) (c), (d), (e) and (f) of this Article shall be appointed by the President with the recommendations of, the Governor.
- (5) The members appointed to the Board pursuant to section (2) (c), (d), (e) and (f) of this Article shall be persons who are capable of contributing to and engaging in a meaningful manner in the Board's discussions and determinations on financial and monetary policy.
- (6) The Governor and Deputy Governor appointed to the Board pursuant to -section (3) of this Article shall posses the following qualifications:-
- (a) at least ten years experience (or at least ten years combined experience) in either the economic sector, banking sector or in a financial institution or in the business sector, and have experience in financial matters ; or have education in financial matters and worked for at least 5 (five) years;
 - (b) the work ethics and competence to carry out the duties and responsibilities of his office;
 - (c) not be an un-discharged bankrupt;

- (d) not be a person convicted for theft, misappropriation, extortion, fraud, criminal breach of trust, corruption or negligence or against whom a breach of trust case has been filed and proved at any government agency;
 - (e) not be a person on the Board of Directors of a financial institution that falls under the regulatory jurisdiction of the Authority;
 - (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% 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% of the shares;
 - (g) not be the Chairperson or on the Board of Directors of a state owned enterprise or private company;
 - (h) not be a person engaged in employment with the Government or any other party;
 - (i) not be a person elected to any post pursuant to any election specified in a law;
 - (j) not be a member of a political party.
- (7) The Directors appointed to the Board pursuant to section (4) of this Article shall possess the following qualifications:-
- (a) at least 7 (seven) years working experience (or at least seven years combined experience) in either the, banking sector or business sector, or in a financial institution and have experience in financial matters, or have obtained education in financial matters and worked for at least 5 (five) years;
 - (b) the work ethics and competence to carry out the duties and responsibilities of his office;
 - (c) not be an un-discharged bankrupt;

- (d) not be a person convicted for theft, misappropriation extortion , fraud, criminal breach of trust, corruption or negligence, or against whom a breach of trust case has been filed and proved at any government agency;
 - (e) not be a person on the Board of Directors of a financial institution that falls under the regulatory jurisdiction of the Authority;
 - (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% 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% of the shares.
- (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 of Directors. The Board shall make regulations for the disclosure of such information.
- (9) (a) The Governor appointed pursuant to section (3) of this Article shall be appointed for a term of 7 (seven) years.
- (b) The Deputy Governor shall be appointed for a term of 6 (six) years.
- (c) The Board of Directors appointed pursuant to section (4) of this Article shall be appointed for a term of 5 (five-) years.
- (10) Members appointed pursuant to sections (3) and (4) of this Article shall be appointed for a maximum of two terms.
- (11) The presence of 4 (four) members of the Board of Directors shall be deemed a quorum of the Board of Directors.
- (12) A meeting of the Board of Directors 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.

- (13) Board meetings shall be chaired by the Governor as chairperson of the Board, and in his absence by the Deputy Governor.
- (14) The secretary for all Board meetings shall be a senior official of the Authority as determined by the Governor.
- (15) It is a responsibility of the Board to make and implement regulations for its own procedures, promulgate regulations relating to Board meetings, minutes of Board meetings, opening and closing of bank accounts of the Authority, and preparation and auditing of the financial statements of the Authority.

**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 the Governor being absent from the Authority, all the responsibilities of the Governor shall be carried out by the Deputy Governor.
- (2) The Governor and the Deputy Governor shall not be engaged in any employment with another party, and shall be dedicated solely to carrying out their work of the Authority.

Remuneration for and Removal of the Governor, Deputy Governor, Members of the Board of Directors, and the Secretary, and Appointment of officers.

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:-
- (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;
 - (b) the salary and other allowances or 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 obstruct the increase of such salary and allowances;
 - (c) the Governor or Deputy Governor of the Authority may resign from office by writing addressed to the President and specifying the reason for resigning;
 - (d) if the office of the Governor or the Deputy Governor becomes vacant for any reason, such vacancy shall be filled within 45 (forty five) days.
- (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.
- (3) Unless otherwise stated in this Act, employees, agents, consultants and advisors required by the Authority in carrying out its functions shall be appointed and terminated, and promotion to such employees be granted, by the Governor in accordance with the guidelines laid down by the Board and in accordance with Law no. 2/2008 (Employment Act).
- (4) The remuneration to be given to the employees, agents, consultants and advisors of the Authority shall be determined by the Governor in accordance with the guidelines laid down by the Board. The remunerations received by members of the staff shall be such that qualified and competent persons can be recruited and retained.
- (5) The Authority, in accordance to the guidelines laid down by the Board and regulation issued under this Act, may grant loan to the

employees of the Authority -

- (a) for the purchase of a house, flat or land for residential use;
- (b) to build or construct a house for residential use of the employee and his/her family, or to renovate residential property;
- (c) to finance higher education of an employee or employee's child.

(6) In addition to the purposes mentioned in paragraph (5) of this Article, where the Governor satisfied that the purpose is appropriate, may grant loan to an employee for that purpose. However, such loans may only be provided in accordance to the guidelines laid down by the Board and regulation issued under this Act, and the loan shall not exceed an amount equal to three months' salary of the employee.

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

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

- (1) No member of the Board of Directors, or official or agent of the Authority or an expert shall be personally liable for any loss due to an act or omission, related to the carrying out of his duties or any activity required pursuant to this Act, where such act or omission was carried out without bad faith and with reasonable diligence. Any expenses incurred by a member of the Board of Directors, or official or agent of the Authority or an expert in connection with legal proceedings related to such a matter shall be borne by the Authority.
- (2) Except as provided in section (1) of this Article, all liability for any judgements of the court shall be borne by the relevant member of the Board of Directors, official or agent of the Authority or an expert.

**Conflicts of
Interest**

10. (1) No member of the Board shall act as a delegate of any commercial, financial, agricultural, industrial, or other interest or receive or accept directions therefrom in respect of duties to be performed under this Act.

(2) All members of the Board shall fully disclose to the Board any commercial, financial, agricultural, industrial or other interest that they may have directly or indirectly in any matter which

becomes the subject of Board decision.

- (3) No member of the Board nor any officer of the Authority shall accept any gift for himself or for his spouse or his spouse's parents or children or brothers or sisters or for persons with whom he may have business or financial connections which would result in him being partial in the performance of his duties under the Act.
- (4) Any person who contravenes the provisions of this Article shall be guilty of an offense and liable to a fine not exceeding 10,000 Rufiyaa or to imprisonment or banishment or house arrest for a period not exceeding one year or to both such fine and such imprisonment or banishment or house arrest.

Secrecy

11. (1) No member of the Board, nor any Officer of the Authority, shall disclose to any person any material information relating to the affairs of the Authority or of any bank or other financial institution or other person which he has acquired in the performance of his duties under this Act except for the purpose of the performance of his duties or when lawfully required to do so by a court.
- (2) Any person who contravenes the provisions of this Article shall be guilty of an offense and liable to imprisonment or banishment or house arrest for a period not exceeding two years, or a fine not exceeding 20,000 Rufiyaa, or to both such fine and such imprisonment or banishment or house arrest.

Chapter III – Maldivian Currency

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|-------------------------------------|------------|--|
| Unit of
Currency | 12. | The unit of currency of Maldives shall be the rufiyaa, which shall be divided into one hundred laari. |
| External Value | 13. | The President of the Republic in consultation with the Board may decide an external value for the rufiyaa having due regard to the obligations that Maldives has assumed in accordance with the provisions of any international monetary agreement to which it is a party. Notices of any change in the external value of the rufiyaa shall be published by the Authority on the instructions of the President of the Republic. |
| Issue of
Currency | 14. | <p>(1) The Authority shall have the sole right to issue legal tender notes and coins in Maldives, and no other person shall issue notes or coins or any documents or tokens which are likely to pass as legal tender.</p> <p>(2) The Authority shall:-</p> <p>(a) arrange for the printing of notes and the minting of coins and for all matters relating thereto and for the security of such notes and coins;</p> <p>(b) issue, withdraw, reissue, and at its discretion, exchange notes and coins, including notes and coins issued by the Government before the coming into force of this Act.</p> |
| Currency notes
and coins | 15. | <p>(1) Notes issued under this Act shall be of such form and design and printed from such plates and on such paper as the Board authorises. Denominations shall be such as may, from time to time, be specified by the Authority.</p> <p>(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, from time to time, be specified by the Authority.</p> <p>(3) Notes and coins issued by the Government which were legal tender and not cancelled before the coming into force of Article 14 shall in all respects be legal tender.</p> |

- Legal tender**
- 16.** (1) Subject to the provisions of Sections (2) of this Article a tender of payment of money if made in the following manner shall be legal tender-
- (a) in the case of notes, for the payment of any amount;
 - (b) in the case of one laari coins, for the payment of an amount not exceeding one rufiyaa; and
 - (c) in the case of coins of denominations higher than one laari, for the payment of an amount not exceeding fifty times the face value.
- (2) A note or coin that has been illegally dealt with shall not be legal tender.
- (3) For the purpose of this Act :
- (a) a note 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 its original characteristics written or drawn have been willfully altered;
 - (b) a coin shall be deemed to have been illegally dealt with if, otherwise than by fair wear or tear it has been damaged or lightened or has been willfully defaced by having any word, number or anything written or drawn stamped or engraved thereon, whether it has or has not been thereby diminished or lightened.
- Certification of authenticity of notes and coins**
- 17.** (1) A certification as to the authenticity or otherwise of a note or coin issued by the Authority, by an official of the Authority empowered to do so, shall be issued where suspicion is raised and shall be conclusive proof of the issue in all courts of law.
- (2) No such official shall be questioned over any such certification.
- (3) Notes or coins issued by a party other than the Authority in contravention of this Act shall be null and void. The Authority shall not be required to provide compensation for such things, and the Authority shall in association with other Government agencies investigate, ascertain and enforce legal actions against persons carrying out such activities.

- Withdrawal of notes and coins** **18** (1) The President of the Republic may, by notice issued on the recommendation of the Authority, declare that any notes or coins shall, with effect from such date as may be specified in the notice, cease to be legal tender in Maldives.
- Provided that after such notes or coins shall have so ceased to be legal tender, the Authority shall be obliged to redeem any such notes and coins if presented to the Authority within such period as may be specified by the President of the Republic in the said notice.
- (2) An amount equivalent to the face value of any such notes or coins ceasing by Presidential notice under paragraph (1) above to be legal tender and not presented to the Authority within the time specified by the President, shall be deducted from the liabilities of the Authority.
- Certain notes and coins not redeemable** **19.** No person shall be entitled to claim from the Authority the value of any lost, stolen, mutilated or imperfect note or coin; or of any note or coin which has been illegally dealt with. However the Authority may, at its discretion, determine the circumstances and conditions under which the value of any note or coin which has been illegally dealt with or of any mutilated or imperfect note or coin may be refunded.

Chapter IV – Functions and Financial Provisions

- Power of the Authority to carry out its functions** **20.** (1) Unless otherwise specified in this Act, the Board of Directors has the power to carry out the functions of the Authority as specified in this Chapter and elsewhere in this Act. The Board of Directors shall carry out such activities in good faith and with due diligence.
- (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 of Directors.
- (3) (a) The Board of Directors shall determine the extent to which, the powers of the Governor granted pursuant to section (2) of this Article, or the powers of the Deputy Governor when exercising the responsibilities of the Governor pursuant to section (1) of Article (7), may be delegated to the Board of Directors or to senior officials of

the Authority.

(b) Not withholding the delegation of the matters specified in section (a), the Governor shall be responsible and answerable for all such matters. The Deputy Governor shall be responsible and answerable where section (1) of Article 7 applies.

(4) In carrying out the administrative powers granted to the Board of Directors and officials of the Authority pursuant to determinations made under section (3) of this Article, the Board of Directors and senior officials of the Authority shall have the power to:-

(a) contract between foreign parties in accordance with law;

(b) to represent the Authority where it is suing or being sued;

(c) to carry out the general duties of the Authority and such other matters required or advisable to be carried out by the Authority in the opinion of the Board of Directors or the officials of the Authority.

**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 as the Board may prescribe:

(a) gold;

(b) foreign exchange in the form of notes or bank balances;

(c) any internationally recognised reserve assets, including

(i) the reserve position of Maldives in the General Department of the International Monetary Fund;

- (ii) the holding of any special drawing rights in the International Monetary Fund by Maldives;
 - (d) bills of exchange and promissory notes payable in foreign currency outside Maldives specified by the Board;
 - (e) treasury bills issued by foreign governments bought by the Authority.
 - (f) securities issued or guaranteed by foreign governments or international financial institutions bought by the Authority.
 - (g) other securities and financial instruments including derivatives.
- (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 Authority

22. The Authority may:
- (a) open accounts for, and accept deposits from, the Government its agencies and public entities, banks and other financial institutions in Maldives.
 - (b) act as correspondent, banker, agent or depository for any monetary authority, central bank or financial institution;
 - (c) open and maintain accounts with such banks or other depositories and appoint them as correspondents or agents of the Authority in or outside Maldives as may be necessary;
 - (d) buy, sell or deal in gold coins, bullion or foreign exchange;
 - (e) buy, sell, invest, or deal in treasury bills, other securities and financial instruments issued or guaranteed by foreign governments or financial institutions;
 - (f) buy, sell, invest, or deal in treasury bills and other securities issued or guaranteed by the Government;
 - (g) make loans, advances and rediscounts to banks and other financial institutions in Maldives for periods not exceeding 90 days on terms and conditions which the Board may prescribe;
 - (h) make temporary advances to the Government as may be agreed;
 - (i) make advances to the Government on terms and conditions to be agreed upon in respect of subscriptions and other payments 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;
 - (j) act as fiscal agency of the Government in its dealings with international financial institutions and undertake other financial agency work for the Government;
 - (k) borrow money for the purpose of the business of the Authority, and may give securities for monies so borrowed as provided by Law with the approval of the President of the Republic and,

- (l) guarantee the repayment of government loans and the service charge thereof;
- (m) in conjunction with the banks, organise and manage a Clearing House;
- (n) collect, compile, analyse and publish statistics and information for the purpose achieving its objectives;
- (o) carry out development projects for the purposes of developing and strengthening the financial sector of the Maldives and increasing and strengthening financial inclusion within the Maldives, and levy fee or charges for services provided under such projects;
- (p) acquire, purchase, sell, take, and hold movable or immovable property like land and building, and may assign, transfer, lease, dispose of or mortgage, any movable or immovable property or any interest vested in the Authority;
- (q) organize and operate payment and securities settlement systems, and participate in such systems;
- (s) carry out any responsibilities or duties assigned to the Authority by another law.

Buying and selling rates of gold and foreign exchange

- 23.
- (1) The Authority may buy and sell and determine dealing rates for gold and foreign exchange.
 - (2) The Authority may determine and make public the rates at which gold and foreign currencies may be bought, sold or dealt in by banks and other persons authorised 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 Article.

- Prohibitions** **24** The Authority shall not:
- (a) open accounts for, or accept deposits from, any person except as provided in paragraphs (a) and (b) of Article 22;
 - (b) enter into any transaction authorised in paragraphs (d) and (e) of Article 22 except with the Maldivian Government or foreign Government, their business entities and public entities, monetary authorities, central banks, and financial institutions.

Chapter V – Capital, Profit and Reserves

- Capital** **25.** (1) The authorised capital of the Authority shall be four million rufiyaa and may be increased from time to time by such amounts as may be proposed by the Board and approved by the President of the Republic. 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 its authorised capital an amount of one million rufiyaa and such further amounts as may from time to time, be proposed by the Board and approved by the President of the Republic.
- (3) All capital of the Authority, as and when issued, shall be for the sole account of the Government and shall not be transferable nor capable of being claimed in a court nor 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 Article 27, Section (3).

Provided that profits and losses arising under Article 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.
- (2) After allocations have been made to the General Reserve under Section (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 make a valuation of its assets and liabilities in gold, foreign currencies or other units of account at least quarterly.
- (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 paragraph (3) of this Article.
- (5) No credits or Debits shall be made to the Revaluation Reserve Account except in accordance with the provisions of this Article.

Chapter VI - Relations with Banks and other Financial Institutions

**Licensing
conduct non-
bank financial
businesses and
the sectors
regulated by the
Authority**

- 29.**
- (a) This Article shall not apply to any securities business, or securities related businesses and services, licensed under Law no. 2/2006 (Maldives Securities Act).
 - (b) A person shall only carry out a non-bank financial business with a license or permit issued under this Act. However, this shall exclude any business that is licensed or permitted under Law no. 24/2010 (Maldives Banking Act) and any business or services falling under paragraph (a) of this Article.
 - (c) If the Authority determines that there are reasonable grounds to suspect that any person engages in 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 person and to examine their accounts and books; or to bring such materials to the Authority for inspection.
 - (d) The Authority may issue regulations, circulars, memorandums

regarding licensing policies, 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.

- (e) It shall be an offense for a person to carry out or engage in a non-bank financial business without a license issued under this Act.
- (f) A person who commits the offense stipulated in paragraph (e) of this Article, shall be liable to pay a fine between 100,000 (hundred thousand) Rufiyaa and 1,000,000 (one million) Rufiyaa and imprisonment between 2 (two) to 5 (five) years.
- (g) It shall be an offense for a person to carry out or engage in a non-bank financial business without a permit issued under this Act.
- (h) A person who commits the offense stipulated in paragraph (e) of this Article, shall be liable to pay 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.

Submission of information and reports, and supervision of non-bank 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.
 - (b) The Authority may supervise non-bank financial institutions in the following manner.
 - (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 person 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.

(2) Pursuant to or during an on-site examination mentioned in paragraph (1) above, a non-bank financial institution shall provide, send to the Authority and corroborate in writing where necessary, any additional information or documents or clarifications requested by the officer of the Authority.

**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.
- (b) The Authority may prescribe different ratios for banks and different types of Non-bank financial institutions, as the minimum reserve required to be maintained under paragraph (a) of this Article.
- (c) The Board shall, define the categories of deposits and other liabilities referred to in paragraph (a), and establish the method of calculating and determining the minimum reserve required to be maintained, and these shall be informed to the banks and non-bank financial institutions by the Authority.

**Benefits and
service**

32. (1) The Authority may, with the written authority of the President of the Republic, prescribe by written notice to each bank or other financial institution at its principal place of business in Maldives-
- (a) maximum and minimum amounts of benefits payable in respect of deposit and other similar liabilities and methods of calculation thereof ; and
 - (b) the permissible purposes, maximum totals, maximum amounts beyond which the Authority's approval is necessary, maximum maturities and maximum service charge and minimum cash deposit or security required, in respect of-
 - (i) the making of advances, whether by loans or overdrafts , and investments;
 - (ii) the discounting of bills of exchange, promissory notes and other commercial or financial paper;
 - (ii) the issuing of letter of credit;
 - (iv) the granting of acceptances and other forms of credit.
- (2) With the approval of the President of the Republic, Section (1) may be made applicable by the Authority, and by written notice, to any person having as a main object of his business the extension of credit.
- (3) The Authority may examine the accounts, books and papers of any person who, it has reason to suspect, is extending or has extended credit in contravention of Section (1) and the refusal to submit such accounts, books and papers shall be evidence of such contravention.
- (4) Notices issued under this Article shall apply uniformly in Maldives and shall come into effect on such date specified not earlier than 14 days after the date of issue and the Authority in its notices may differentiate between financial institutions and other creditors or classes thereof in respect of the items set out in section (1) of this Article.
- (5) Any Bank or other financial institution which contravenes Section (1) of this Article is liable to pay to the Authority for

each such contravention a charge not exceeding 2,000 rufiyaa for every day during which the contravention continues.

- (6) Any person to whom Section (1) is made applicable pursuant to Section (2) shall be guilty of an offence if -
- (a) he contravenes Section (1) of this Article ; or
 - (b) he supplies to the Authority any false information or information of which he is not sure of the truth; or
 - (c) he fails to furnish to the Authority within a reasonable time given to him any information required by the Authority to satisfy the Authority that he is complying with Section (1) of this Article, and is liable on conviction-
 - (i) in the case of an offence under paragraph (6) (a) of this Article, to a fine not exceeding 2,000 rufiyaa for each day during which the contravention continues ;
or
 - (ii) in the case of an offence under paragraph (6) (b) or (6) (c) of this Article to a fine not exceeding 20,000 rufiyaa.

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| 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. |

Chapter VII - Miscellaneous Provisions

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| Annual financial statements and reports | <p>35. (a) The Authority shall prepare financial statements of every financial year.</p> <p>(b) Within 4 (four) months after the close of each of its financial years, the Authority shall submit to the President of the Republic and the People's Majlis:</p> <p style="margin-left: 40px;">(1) Financial statements certified by the external auditor and approved by the Board; and</p> <p style="margin-left: 40px;">(2) Annual report approved by the Board. The report shall be based on the policies adopted by the Authority in carrying out its main objectives as well as the main operations carried out by the Authority in the financial year that just ended in order to achieve those objectives and for the general development of the Authority. The report shall also include a study on the condition of the economy of Maldives of the year that just ended, as well as economic outlook for the current year.</p> <p>(c) Within 4 (four) months after the close of each of its financial years, the Authority shall publish the financial statements and the report referred to in paragraph (b) of this Article.</p> <p>(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.</p> |
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- Collection of statistics** 36. (a) If the Authority requests, pursuant to carry out its objectives, for statistics and information from a party, in accordance to the guidelines issued by the national bureau of statistics of Maldives, the party shall provide the requested statistics and information to the Authority.
- (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.
- Fee and charge** 37. The Authority may levy reasonable fees and charges, as determined by regulations issued under this Act, for the services it provides and the functions it carries out. The Authority may also levy reasonable fees and charges, as determined by regulation issued under this Act, from the institutions regulated by the Authority.
- Issuing Regulations and orders** 38. The Authority shall have the power to issue and implement such regulations, with the recommendation of the Board, necessary for the proper implementation and enforcement of this Act. The Authority may also issue such regulations, instructions, circulars, or memorandums, with the advised of the Board, of general applicability to all non-bank financial institutions, or specific to different types of non-bank financial institutions, or that are specific to a non-bank financial institution. In addition, the Authority also has the power to issue rulings and orders, with the advice of the Board, specific to particular circumstances or a case, or specific to individual case of a non-bank financial institution.
- Corrective and enforcement measures** 39. (a) The Authority may take any measures or impose any penalties set out in paragraph (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:
- (1) violated the provisions of this Act or of any regulations, condition of licensing, order or instruction issued by the Authority; or
- (2) engaged or is engaging in unsafe or unsound non-bank financial business operations.
- (b) If any of the violations set out in subparagraphs (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.

- (1) order to cease and desist from particular activity;
- (2) require on to take affirmative action to correct the violation committed as per subparagraphs (a) (1) and (2);
- (3) impose additional conditions in carrying out its business;
- (4) bar from or impose limits on, paying dividends to the shareholders;
- (5) require 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;
- (6) require that the chairman 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 shall attend the board of directors meeting;
- (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;
- (8) require the non-bank financial institution to remove the chairman or any of the members of its board of directors;
- (9) impose an administrative penalty on an executive officer or an agent participates in policy making functions or an agent responsible for any material portion of the business activities of the non-bank financial institution in the event that the Authority determines that such person is responsible for the existence of the violations stipulated in subparagraphs (a)(1) and (2) of this Article;
- (10) impose an administrative penalty; provided that, at the discretion of the Authority, administrative penalties may be imposed on a daily basis until the violation has ceased

or compliance is obtained. Such administrative penalties shall not be more 100,000 (hundred thousand) Rufiyaa on a daily basis. However, the total aggregate administrative penalty imposed shall not exceed 5% (five percent) of the non-bank financial institution's paid-up capital;

(11) Revoke the license or the permit.

(c) The Authority may impose an administrative penalty not exceeding 100,000 (hundred thousand) Rufiyaa per day on the non-bank financial institution in the following circumstances until it has been ceased or compliance is obtained. However, the total aggregate administrative penalty imposed shall not exceed 5% (five percent) of the non-bank financial institution's paid-up capital.

(1) The non-bank financial institution's submission to the Authority material deficient or false statements, information and data that is, intentionally or negligently;
or

(2) The non-bank financial institution's failure to provide the Authority with information, document or report in its possession that is requested by the Authority.

Amendments or Additions

- Article 22 (1) guarantee the repayment of government loans and the service charge thereof. (Amended on December 30, 1982)
- Article 2, 3, 6, 7, 8, 9, 17, 20 & 35 were amended by the Law No: 3/2007 (Second Amendment to the Maldives Monetary Authority Act 1981) - with effect from 5 April 2007
- Article 29 and Article 30 were removed by the Law No: 24/2010 (Maldives Banking Act) – with effect from 12 December 2010
- Article 2, 8, 18, 21, 22, 24, 27, 28, 29, 30, 31, 35, 36, 37 were amended by the Law No: 23/2015 (Third Amendment to the Maldives Monetary Authority Act 1981) – with effect from 17 August 2015
- Article 38 and Article 39 were added by the Law No: 23/2015 (Third Amendment to the Maldives Monetary Authority Act 1981) – with effect from 17 August 2015