



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” means a financial institution whose business includes the acceptance of deposits of money transferable by cheque from one person to another;

“Banking Business” means:-

(1) the business of receiving funds from the public or from a member or members thereof through the acceptance of money deposits payable upon demand or after a fixed period or after notice, or any operation through the frequent sale or replacement of bonds, certificates, notes or other securities, and the use of such funds either in whole or in part for loans or investments for the account and at the risk of the person doing such business; and

(2) any other activity recognized by the Maldives Monetary Authority as customary banking practice which a financial institution engaging in the activities described in (1) may additionally be authorised to do;

“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;

“Financial Institution” means any person, place, company or other party carrying out banking business, or securities business, or insurance business, or investment advise, or finance leasing business, or asset management business or other similar financial business which the Maldives Monetary Authority deems necessary to regulate and supervise for the protection of the financial system 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.

- (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 possess 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) The Governor shall, according to the guidelines laid down by the Board and in keeping with the laws and regulations applicable in the Maldives, provide for the appointment and promotion of the officers and employees of the Authority commensurate to their ability, appointment and removal of agents and experts, determine salary scales and manner of payment and the manner and conditions of appointment and employment.

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 there from 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 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

**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.** (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.
- (2) The Authority shall:-
- (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;
- (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.
- Currency notes and coins**
- 15.** (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.
- (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.
- (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.
- 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 Section (1) above to be legal tender and not presented to the Authority within the time specified by the President shall be transferred to the Government and 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 held abroad;
 - (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.
- (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 international 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 and other securities issued or guaranteed by foreign governments or international 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.
- 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, its agencies and public entities, banks maintaining accounts with the Authority and other financial institutions, foreign monetary authorities and central banks, foreign Governments and International Financial Institutions;
 - (c) purchase or retain ownership of real estate except insofar as is necessary for the conduct of its business and for the living quarters of its officers.

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 be allocated at the end of each financial year 50 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 percent of the net profit shall be allocated to the General Reserve until the General Reserve is equal to twice the authorised capital.
- (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 section (3) of this Article.

After redemption of securities if the remaining balance is 100,000 rufiyaa or more, one fifth of the remaining balance shall be paid to the Government.

If the remaining balance is less than 100,000 rufiyaa, it shall be paid in full to the Government.

- (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

Required Reserves of Financial Institutions

*Article 29 & 30
were repealed by
Law no. 24/2010*

31. (1) The Authority may, by written notice to each bank or other financial institution at its principal place of business in Maldives, prescribe the maintenance of required reserves against deposit and other similar liabilities determined for this purpose.
- (2) The reserve prescribed under Section (1) shall be maintained by way of cash holdings or by way of deposits with the Authority in such manner as the Authority prescribes.
- (3) The Authority may prescribe different ratios for different classes of deposit and other similar liabilities and the method of determining these ratios:
- Provided that:-
- (a) the Authority shall not require banks or other financial institutions to hold a total amount of reserves in excess of 40 percent of the total deposit and other similar liabilities to which reserve ratios have been made applicable:
- Provided, however, that when the monetary situation requires, the Authority may, with the concurrence of the President of the Republic prescribe higher ratios;
- (b) the initial prescription of, or any increase in, the reserve ratios shall be effective only after atleast 15 days' notice thereof has been given;
- (c) the Authority may determine the reserve ratios on the basis of averages held over such period as the Authority prescribes;
- (d) the reserve ratios shall be uniform for each class of financial institutions in Maldives.
- (4) The Authority may impose on any bank or other financial institution which fails to maintain required reserve ratios prescribed under this Article a charge at an annual rate not in excess of twice the highest effective service charge determined by the Authority to have been charged any of the customers of that bank or other financial institution during the period of the deficiency.

Benefits and service

(5) The charge mentioned in Section (4) may be imposed as from the date on which the deficiency occurs.

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.

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

- Authority's Annual Statement** **35.** (1) Upon the end of every calendar month, and at the earliest possible opportunity, the Authority shall prepare and publish a monthly statement of the Authority's activities for the past month, such report to be as at the close of business on the last business day of the month.
- (2) Upon the end of every calendar year, the Authority shall submit a report on the operations of the Authority during the past year to the President. This report shall be accompanied by financial statements which have been certified as true and accurate by the auditor. Both reports shall be published after receiving the approval of the President.
- (3) The Authority's accounts shall be audited by the Auditor General or an auditor acceptable to the Auditor General.
- (4) The Authority's financial statements and annual accounts shall be submitted to the People's Majlis no later than within 4 (four) months of the end of the financial year.
- Regulations** **36.** The Board may, with the approval of the President of the Republic, make regulations for the proper execution of the provisions of this Act.
- Punishment under this law** **37.** Any punishment for offences committed under this Law shall only be as specified in this Act.

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. (2nd amendment to Maldives Monetary Authority Act, 1981)
- Article 29 & 30 were repealed by Law No. 24/2010 (Maldives Banking Act)