

Capital Market Development Authority

Male' Maldives

Dealers and Dealers Representatives (Brokers) Licensing Regulation

Gazette Number: 2011/R-50

Including amendments up to 28th January 2014

Third amendments*

1. Section 14(a) revised and renumbered as section 14
2. Section 14 (b), (c), (d), (e) Deleted

*For other amendments, refer to clause 19

Part I

Preliminary

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|-----------------------|--|
| <i>Title</i> | 1. This Regulation may be cited as "Dealing Companies (Dealers) and Dealer's Representatives (Brokers) Licensing Regulation". |
| <i>Interpretation</i> | 2. In this Regulation, unless the context otherwise requires, any term defined in the Maldives Securities Act 2006 shall have the meaning assigned to it in the Act. |

Part II

Application for License

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|--------------------|---|
| <i>Application</i> | 3. (a) An Application for a Dealer's license has to be made in the form 1, prescribed in Schedule 1 of these Regulations.
(b) An Application for renewal of a Dealer's license has to be made in the form 2, prescribed in Schedule 1 of these Regulations.
(c) An Application for a Dealer's Representative's license has to be made in the form 3, prescribed in Schedule 1 of these Regulations.
(d) An Application for a renewal of a Dealer's Representative's license has to be made in the form 4, prescribed in Schedule of these Regulations. |
| <i>Criteria</i> | 4. (a) An applicant for a Dealer's license shall be a company, registered under the Companies Act of the Republic of Maldives.
(b) An applicant for a Dealer's Representative's license should satisfy the following criteria;
<ol style="list-style-type: none">i. Should be a person above 18 years of age;ii. Should not be a person against whom a court order for levy of execution in respect of any of his debts is issued;iii. Should not be a person adjudged a discharged bankrupt in any jurisdiction; |

- iv. Should not be a person convicted of an offence involving fraud or dishonesty;
 - v. Should not have been sentenced to imprisonment, banishment or house arrest for a term longer than 6 months within the last 10 years; and
 - vi. Shall be a person who has passed the securities dealer's or stock broker's examination conducted by the Authority.
- (c) The companies stated under section 8 (b) of these regulations should get permission from the Authority for profit repatriation.

Manner of Application

5. (a) An application for a license or renewal of a license shall be made to the Authority with the relevant form and its trailing annexure as per these regulations and shall be enclosed in a sealed envelope.
- (b) An application for a dealer's license or renewal of a dealer's license shall be accompanied with the following;
- i. copies certified by a director of the company to be true copies of the most recent balance sheet and profit and loss account (if any). These documents shall include the results of the last financial year, and shall have respectively been audited by the company's auditors. Any further documents required by law shall be annexed or attached thereto;
 - ii. a copy of the company's audit report (certified as aforesaid);
 - iii. a written certification from a relevant authority attesting to the fact that within the last 10 years, none of the directors of the company have been convicted of theft or fraud;
 - iv. if a foreigner holds a share in the company, the due diligence forms of the company directors should be submitted via the relevant foreign authorities; and
 - v. a written certification from a relevant authority that a court order for dissolution of the company has not been made or the company has not entered into a receivership arrangement.
- (c) Each application for a dealer's representative's license shall be accompanied by a photocopy of the national identification card and such a document confirming that the applicant has passed the Securities Dealers/ Stock Brokers examination conducted by the authority.

Alteration of facts submitted in application

6. An applicant for a license shall give written notice to the Authority of;
- i. any changes to the information submitted in the application; or
 - ii. the occurrence of an event prior to a decision on the application by the Authority, which the applicant knows will affect the information supplied in the application for license.

Part III

Application Fee, Annual Fee and Deposit

Fee and deposit

7. (a) An application for a license shall be accompanied by a fee of MVR

500 (Five Hundred Rufiyaa) for a dealer's license application and a fee of MVR 100 (Hundred Rufiyaa) for a dealer's representative license application.

(b) An application for renewal of a license shall be accompanied by a fee of MVR 250 (Two Hundred and Fifty Rufiyaa) for a dealer's license renewal application and a fee of MVR 50 (Fifty Rufiyaa) for a dealer's representative license renewal application.

(c) Licensed Dealers shall pay to the Authority an annual fee of MVR 10,000 (Ten Thousand Rufiyaa) before 31st January of each year.

(d) Licensed Dealer's Representatives/ Brokers shall pay to the Authority an annual fee of MVR 500 (Five Hundred Rufiyaa) before 31st January of each year.

Dealer's deposit

8. (a) An application for a dealer's license shall be accompanied by a deposit of MVR 25,000 (Twenty Five Thousand Rufiyaa).

(b) Where a foreigner hold shares in the applicant company, the application shall be accompanied with an additional deposit fee of MVR 100,000 (One Hundred Thousand Rufiyaa) apart from the deposit made under subsection (a).

(c) The deposit made under subsections (a) and (b) shall be refunded to the applicant where the application is refused. However, the deposit is shall not be refunded if the license is granted.

Usage of deposit

9. Deposits made under subsections (a) and (b) of section 8 of these regulations may be used by the Authority in such manner as the Authority deems appropriate.

Refusal of application

10. The Authority shall not process any applications made under these regulations if;

- i. it is not accompanied by the fee and deposit prescribed in these regulations;
- ii. it is incomplete; or
- iii. it does not comply with the Maldives Securities Act or these regulations.

Part IV

Grant of License

Application and duration of license

11. (a) The Authority shall consider an application and inform the applicant of its decision within not more than 45 (forty five) days after the application has been lodged with it. In an instance where further information is required by the Authority, the period of 45 (forty five) days shall be calculated from the time that the required information is submitted to the Authority.

(b) If no decision is made by the Authority within the period stated in subsection (a), the Authority shall notify the applicant of the reason for the delay.

(c) A license granted under these regulations shall be valid for the term stated in the license until and unless the period stated is revoked by the Authority or ceases to have effect for any other reason.

(d) An application for the renewal of a license shall be made at least 3

(three) months prior to the expiry of the validity period of the license.

- General conditions*
12. It shall be a condition of every license issued by the Authority that;
- (a) the license shall be specific to the applicant and shall not be transferable to another party; and
 - (b) the holder of the license where it is company shall forthwith give written notice to the Authority of;
 - (i) any proposed alteration to the Memorandum and Articles of Association of the Company;
 - (ii) the occurrence of any event which affects or may affect in any material respect, any matter in respect of which information was supplied or was required to be supplied to the Authority in the course of the application for that license;
 - (iii) any change in the management or the directors of the company;
 - (iv) any director(s) of the company being convicted of theft, fraud or any other crime involving misappropriation of property belonging to another; or
 - (v) a court order for dissolution of the company has been made, or a receivership arrangement has been entered.
 - (c) the holder of the license shall comply with any directions which may be given by the Authority in respect of a proposed alteration or occurrence of the event notified to the Authority pursuant to subparagraph (ii) of this section;
 - (d) a licensee shall not carry on, or hold himself out as carrying on, any securities business other than that permitted by the license and from the premises specified in the license;
 - (e) a licensee shall communicate to the Authority notices which are required by it in the forms set out in Schedule 2 of these regulations;
 - (f) the holder of a Dealer's license thereof shall at all times meet the requirements relating to net capital and liquidity margin prescribed in these regulations; and
 - (g) the holder of a Dealer's Representative's (Broker's) license shall start representing a dealer licensed under this regulation within 30 days of issue of license.

Part V

Finances

- Paid up capital and net capital*
13. (a) An applicant for a dealer's license shall have a paid up capital of not less than MVR 250,000 (Two Hundred and Fifty Thousand Rufiyaa). A dealer shall have and at all times provide and maintain in his business as a dealer, a net capital of not less than MVR 100,000 (Hundred Thousand Rufiyaa).

For the purposes of these Regulations, the expression "net capital" means the sum total of approved assets less the sum total of approved liabilities of a dealer, "approved assets" means assets approved by the Authority and "approved liabilities" means liabilities approved by the Authority.

- Liquidity margin* 14. A dealer shall at all times in his business as a dealer, maintain a minimum liquidity margin of MVR 50,000 (Fifty Thousand Rufiyaa), as prescribed by the Authority.
- Notification* 15. If a dealer becomes aware of his inability to comply with the minimum net capital or liquidity margin requirement, he shall forthwith;
- (i) notify the Authority; and
 - (ii) cease dealing in securities other than for the purpose of giving effect to an arrangement entered into before the time when he became so aware.

Part VI

Miscellaneous

- Replacement of license* 16. Where the Authority is satisfied that a license has been inadvertently lost, destroyed or defaced, the Authority shall replace the license on payment of a fee of MVR 100 (Hundred Rufiyaa).
- Display of licenses* 17. (a) Every holder of a license granted under these Regulations shall display his license at all premises in which he transacts with the public with respect to the securities business authorized by the license.
- (b) The requirement in subsection (a) shall not be satisfied unless the license is displayed in such a manner as to be clearly visible.
- Amendments* 18. Amendments to this regulation can be brought by a meeting of the Board of Directors of the Authority upon approval by its majority.
- Commencement* 19. These regulations have been effective from July 23, 2006. The first amendment to these regulations was made on January 14, 2008 and the second amendment was made on March 03, 2010. These regulations are published in the Gazette inclusive of the first and second amendment.

SCHEDULES

Schedule 1

FORM 1

Application Form for Dealer’s License

Applicant’s Information:

1. (a) Name:.....
- (b) Registered Office:.....
- (c) The following details of the principal location at which the business of the applicant is to be carried on;
address:.....
telephone number:.....
- (d) The authorized and paid-up capital of the applicant:
.....
- (e) The details of shareholders of the applicant (including the address, amount of shares held and date of acquisition of shares):

Name	Address	Number of shares	Date of acquisition of shares

- (f) Details of the directors and secretary of the Company:

Name	Residential Address	DOB	Office Held	Date of Appointment	Educational Qualifications

2. (a) Brief summary of the Nature of the principal business of the applicant and proposed activities to be undertaken:

.....

- (b) Describe in detail the organizational structure and internal control procedures which the applicant has adopted or proposes to adopt for its proposed business.

.....

3. Name and address of each person who, directly or indirectly, exercises or has power to exercise a controlling influence over the management and policies of the applicant other than its directors:

Full name	Address

4. Is any director or secretary of the applicant a director or secretary of any other corporation?

- Yes
- No

If the answer is "Yes", give the following details:

Name(s) of company	Place of incorporation	Office held	Date of appointment

5. Has the applicant or any director or secretary of the applicant within the past 10 years:-

(a) been licensed or registered in any place under any law which requires licensing or registration in relation to dealing in securities? If answer is "Yes" give details thereof:

.....

.....

.....

.....

(b) been licensed, registered or otherwise authorized by law to carry on any trade, business or profession in any place?

- Yes
- No

If answer is "Yes" give details thereof:

.....

.....

.....

.....

(c) been refused the right or restricted in its or his right to carry on any trade, business or profession for which a specific license, registration or other authority is required by law in any place?

- Yes
- No

If answer is "Yes", give details thereof:

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.....
.....
.....

(d) Been refused membership or suspended from membership of any securities exchange or otherwise disciplined by a securities exchange?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

6. has any director or secretary of the applicant within the past 10 years:

(a) been known by any name other than the name or names shown in this application?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(b) been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(c) had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceeding, in Maldives or elsewhere?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....

.....
(d) been declared bankrupt or compounded with or made an arrangement for the benefit of his creditors, in Maldives or elsewhere?

- Yes
- No

If answer is "Yes" give details thereof:

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.....
.....

.....
(e) been engaged in the management of any company other than those referred to in question 4?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....

.....
(f) been disqualified as a director, or been director of a company that has gone into receivership or liquidation, in Maldives or elsewhere?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

7. Has any director or management staff of the applicant had any experience in performing in this area of work?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

8. Set out the details of employment and business activities of each director and secretary of the applicant, during the previous 5 years:

Name of director or secretary	Name and address of employer (if self-employed, so state)	Nature of business or activity	Designation	Period of employment or activity (give exact dates)

9. Set out the formal qualifications or trainings undertaken by the directors or secretary of the applicant and the names of the institutions that conducted the programs:

Name of director or company secretary	Institution	Qualification received	Year

10. Set out below details of two persons with whom each director and the secretary of the applicant has had regular contact with of whom the Authority may enquire regarding the character and reputation of the respective director or secretary.

Name of director or secretary	Name of character referee	Address of character referee	Occupation of character referee

Note:

- (1) If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
- (2) This application must be accompanied by the latest audited balance-sheet and profit and loss account, certified as required under these Regulations.
- (3) The application form must be signed by all the Directors of the company and the Company Secretary.

Declaration:

We have read and are aware of the provisions of section 32 of the Maldives Securities Act relating to false statements in applications. Furthermore, we confirm that the information provided in this application form (including annexures) is accurate.

Number	Name of Director/Company Secretary	Signature	Date

Form 2

Application Form For Renewal of Dealer's License

- 1 (a) Applicant's name:
- (b) Expiring date of license:
- (c) License no:

2. Complete the following: (Answer "Yes" or "No" in space provided. If the answer is "Yes", give in detail all relevant particulars in the space provided).

Since the last application:-

(i) Has there been a change in the shareholders of the applicant?

- Yes
- No

If answer is "Yes" give details thereof:

.....

.....

.....

.....

(ii) Has there been a change in the applicant's directors, secretaries, senior management personnel or external auditor?

- Yes
- No

If answer is "Yes" give details thereof:

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.....

.....

.....

(iii) Has the applicant been convicted of any offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction?

- Yes
- No

If answer is "Yes" give details thereof:

.....

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.....

(iv) Has the applicant or any of its directors or its secretary been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange?

- Yes

- No

If answer is "Yes" give details thereof:

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.....
.....
.....

(v) Have any of the applicant's directors been a director of another company other than those referred to in the last application?

- Yes
- No

If answer is "Yes" give details thereof:

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.....
.....
.....

(vi) Has the applicant taken any disciplinary action against any of its representatives?

- Yes
- No

If answer is "Yes" give details thereof:

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.....
.....
.....

(vii) Has the applicant received any complaint from any of its clients?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

3. Has any director or secretary of the applicant within the past 10 years:-

(a) Been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange?

- Yes
- No

If answer is "Yes" give details thereof:

.....

.....
.....
.....
(b) Been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(c) Had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Maldives or elsewhere?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(d) Been declared bankrupt or compounded with or made an assignment for the benefit of his creditors, in Maldives or elsewhere?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(e) Been engaged in the management of any company other than those referred to in the last application?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....

.....
(f) Been disciplined by any professional body or other membership body?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

Note:

- (1) If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
- (2) This application must be accompanied by a latest audited balance-sheet and profit and loss account certified as required under these Regulations.
- (3) The application form must be signed by all the Directors of the company and the Company Secretary

Declaration:

We have read and are aware of the provisions of section 32 of the Maldives Securities Act relating to false statements in applications. Furthermore, we confirm that the information provided in this application form (including annexures) is accurate.

Number	Name of Director/Company Secretary	Signature	Date

FORM 3

Application Form for Dealer's Representative's / Broker's License

1.
 - (a) Full name:
 - (b) Permanent address:
Present address:
 - (c) Age:.....
 - (d) Nationality:
 - (e) Contact number:
 - (f) Date of completion of the Securities Dealers/Stock Brokers Examination:.....

2. Full particulars of the Licensed Dealer which the Applicant intends to represent:
.....
.....
.....
.....

3. Complete the following: (Answer "Yes" or "No" in space provided. If the answer is "Yes", give in detail all relevant particulars in the space provided).
Has the applicant within the past 10 years:-
 - (a) Been licensed or registered in any place under any law which requires licensing or registration as a broker?
 - Yes
 - NoIf answer is "Yes" give details thereof:
.....
.....
.....
.....

 - (b) Been licensed, registered or otherwise authorized by law to carry on any trade, business or profession in any place?
 - Yes
 - NoIf answer is "Yes" give details thereof:
.....
.....
.....
.....

(c) Been refused the right or restricted in its or his right to carry on any trade, business or profession for which a specific license, registration or other authority is required by law in any place?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(d) Been suspended from acting as a broker in any jurisdiction or been otherwise been disciplined by a securities exchange or any other securities related regulatory authority?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(e) Been refused a broker's license in any other jurisdiction?

- Yes
- No

If answer is "Yes" give details thereof:

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.....
.....

4. Has the applicant:

(a) Been known by any name other than the name or names shown in this application?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(b) Been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(c) Had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Maldives or elsewhere?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

(d) Been declared bankrupt or compounded with or made an arrangement for the benefit of his creditors, in Maldives or elsewhere?

- Yes
- No

If answer is "Yes" give details thereof:

.....
.....
.....
.....

Note:

- (1) If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
- (2) This application must be accompanied by a copy of the Identity Card and a copy of a documentation which confirms that the applicant has passed the securities dealer's or stock broker's examination.

Declaration:

I have read and am aware of the provisions of section 32 of the Maldives Securities Act relating to false statements in applications. Furthermore, I confirm that the information provided in this application form (including the annexures) is accurate.

Date:

Name:

Signature:

Form 4

Application Form for Renewal Of Broker's/Dealer's Representative's License

1. (a) Applicant's name:
- (b) Expiry date of license:
- (c) License No:
2. Complete the following: (Answer "Yes" or "No" in space provided. If the answer is "Yes", give in detail all relevant particulars as an annex to this form).

Since the last application:-

(a) Has the applicant been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction?

- Yes
- No

(b) Had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Maldives or elsewhere?

- Yes
- No

(c) Been declared bankrupt or compounded with or made an arrangement for the benefit of his creditors, in Maldives or elsewhere?

- Yes
- No

(d) Has the applicant been disciplined by the Authority or a Licensed Dealer?

- Yes
- No

(e) Has the applicant received any complaint from any of it's clients?

- Yes
- No

Note:

- (1) If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
- (2) This application must be accompanied by a copy of the Identity Card.

Declaration:

I am aware of the provisions of section 32 of the Maldives Securities Act relating to false statements in applications. Furthermore, I confirm that the information provided in this application form (including the annexures) is accurate.

Date:

Name:

Signature:

Schedule 2

Form 5

Notice of Change of Address of Business

1. Name of licensee:
2. Type of license held and license number:
3. (a) Former address of business:
- (b) New address of business:
- (c) Date of change of address of business:

Date:

Name:

Signature:

Designation:

Form 6

Notification of change of address where registers pertaining to the different activities of the business are kept

- 1 Name of licensee:
2. Type of license held and license number:
3. (a) Former address where register was kept:
- (b) New address where register is kept:
- (c) Date of change of address where register is kept:

Date:

Name:

Signature:

Designation:

Form 7

Notification of Cessation Of Business

- 1 Name of licensee:
2. Type of license held and license number:
3. I hereby confirm that the business carried out in respect of the license number:
..... is ceased on this day of

Date:

Name:

Signature:

Designation:

Form 8

Notification of Cessation of Representing Dealer

- 1 Name of Licensee:
2. License Type and Number:
3. I hereby confirm that I have ceased to represent the dealing company.....
represented in respect of the license number: on this day of
.....

Date:

Name:

Signature:

Form 9

Notification of Resumption of Representing Dealer

- 1 Name of Licensee:
 - 2 License Type and Number:
 - 3 I hereby confirm that I have begun to represent the dealing company..... in respect of the license number: on this day of
- Date:
- Name:
- Signature: