

REGULATIONS ON INVESTMENT ADVISERS, 2008

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REGULATIONS ON INVESTMENT ADVISERS, 2008

In the exercise of the powers conferred on the Capital Market Development Authority by Section 60(b) of the Maldives Securities Act (Law No: 2/2006) these regulations are made this day of (month) 2008.

Title

1. These Regulations may be cited as “Regulations on Investment Advisers.”

Interpretation

2. In these Regulations, unless the context otherwise requires, any term defined in the Maldives Securities Act shall have the meaning so assigned to it in the Act.

“Act” means the Maldives Securities Act (Law No: 02/2006).

“Authority” means the Capital Market Development Authority.

“Minister” means the Minister responsible for Finance and Treasury.

“Investment adviser representative” means a person, in the direct employment of or acting for or by arrangement with an investment adviser, who performs for the investment adviser any of the functions of an investment adviser (other than work ordinarily performed by accountants, clerks or cashiers) whether his remuneration is by way of salary, wages, commission or otherwise and includes a director or officer of a body corporate who performs for the body corporate any of the said functions.

“Executive officer” in relation to a body corporate, means any person by whatever name called who is concerned or takes part in the management of the body corporate whether or not he is a director of the body corporate.

PART I APPLICATION OF REGULATIONS, QUALIFICATIONS OF DIRECTORS AND OTHER EXECUTIVE OFFICERS

Application

3. These Regulations apply to investment advisers and investment advisers representatives licensed under the Maldives Securities Act (Law No: 2/2006).

General Penalty

4. Breach of these Regulations attracts the penalty prescribed in these Regulations unless the breach constitutes an offence under the Law.

Qualifications of directors and executive officers

5. (1) The majority of the directors of an investment adviser shall have recognized academic or professional qualification or experience in banking, law, accountancy, economics, business management, dealing in securities or any other relevant qualification.

- (2) A person shall not be a director or executive officer of an investment adviser if:
- a) the person has been convicted of an offence involving fraud or dishonesty punishable on conviction to a term of imprisonment exceeding three months either in the Maldives or elsewhere, within a period of ten years immediately preceding the date on which an application is made for a license under the Act;
 - b) the person has been adjudged bankrupt by a court;
 - c) there is any evidence against the person involving a case of misconduct, fraud or mismanagement of a firm engaged in securities business or any similar public concern;
 - d) the person has been convicted of a breach of the Law or Regulations made under the Law; or
 - e) the person is precluded by an order from any public regulatory authority either in the Maldives or elsewhere from engaging in transactions involving securities.

Chief Executive Officer

6. No license shall be given to an investment adviser which is a body corporate unless the person designated as a chief executive officer has at least a university degree in business, finance or economics or recognized academic or professional qualifications or experience in banking, law, accountancy, economics, business management, dealing in securities or any other relevant qualifications.

Qualifications of an individual or natural person

7. (1) An individual may be granted an investment adviser license provided that person is over the age of 18 years and
- (2) Satisfies the qualification requirements of a director of an investment adviser that is a body corporate as stipulated in regulation 5(3) of these Regulations.

PART II: LICENSING, CAPITAL REQUIREMENTS AND FEES

Application for License

8. (1) An application for the grant or renewal of a license to act as investment adviser by a body corporate including an incorporated partnership shall be made to the Authority in the form and contain the particulars specified in **Schedule 1**

(2) An application for the grant or renewal of a license to act as investment adviser by an individual shall be made to the Authority in the form and contain the particulars specified in **Schedule 2**.

(3) An application for the grant or renewal of a license to act as investment adviser representative shall be made to the Authority in the form and contain particulars specified in **Schedule 3**.

(4) Persons to be licensed as investment adviser representatives or individual investment adviser shall pass an approved securities course organized by the Authority or by any other institution designated by the Authority.

(5) The Authority may grant a waiver of the course requirement of regulation 8 (4) where a person shows evidence of appropriate and suitable alternative qualifications and experience.

(6) The Authority may require an applicant to furnish it with such further information as it considers necessary in relation to the application.

(7) All licenses granted or renewed under the Act shall be valid for a period of two years from the date of the grant or renewal as the case may be.

(8) An applicant incorporated outside the Republic of Maldives shall specify the relevant law under which it is incorporated and shall demonstrate to the Authority that it has a place of business in the Republic of Maldives.

Capital Requirements for License

9. The required minimum capital for the grant of a license by the Authority shall be as specified in **Schedule 4**.

Fees

10. An applicant for a license shall pay an application fee upon submission of an application, an approval fee upon approval of the application, and license renewal fee, as specified in **Schedule 4**.

Notification of Changes in particulars

11. Each investment adviser and investment adviser representative shall notify the Authority of any change of particulars from those submitted in the application for a license and any further change within fifteen (15) days of the change. The notification shall be in the form and contain the particulars specified in **Schedule 5**.

Penalty

12. (1) A person who carries on the business of an investment adviser or investment adviser representative without obtaining a license from the Authority is liable to pay a penalty as provided for under Section 59 of the Maldives Securities Act.

(2) Any person who fails to notify the Authority of any change of particulars as required in regulation 11 is liable to a penalty of Rufiyaa for each day that the default subsists and shall have its license suspended if the period of default exceeds 30 days.

PART III: REGISTER OF INTERESTS IN SECURITIES

Maintenance of a register of interests

13. (1) An investment adviser required to maintain a register of the securities in which the investment adviser has an interest under Chapter V1 of the Securities Act (Law No: 02/2006) shall ensure that the register contains the following particulars:

(a) where there is an acquisition or disposal of a security,

- (i) the name of the security;
- (ii) the quantity and price;
- (iii) the date of acquisition;
- (iv) the date of disposal;
- (v) the contract numbers; and
- (vi) the name of the broker-dealer through whom the transaction was executed; or

(b) where there is any other interest in a security,

- (i) the name of the security;
- (ii) the nature of the interest;
- (ii) the exercise date in the case of a right or option;
- (iv) the quantity; and
- (v) the price or pricing formula.

(2) An investment adviser to whom Chapter V1 of the Act applies shall notify the Authority,

(a) in the form specified in **Schedule 6**, the particulars of the register which shall include the place at which the register will be kept at the time of the application for a license under the Law or within fifteen (15) days of becoming a person to whom Chapter VI of the Act applies;

(b) when an investment adviser ceases to be a person to whom Chapter 6 of the Act applies in the form and with the particulars specified in **Schedule 7** within fifteen (15) days of the person ceasing to be a person to whom the Act applies.

(3) For the purposes of this Part, “interest in securities” shall have the same meaning as defined in Chapter X of the Securities Act.

PART IV: FINANCIAL AND COMPLIANCE REQUIREMENTS

Books and Records to be maintained by Investment Advisers

14. (1) Every investment adviser shall make and keep true, accurate and current the following books and records relating to its investment advisory service:

(a) Journals, including cash receipts and disbursement records, and any other records of original entry forming the basis of entries in any ledger.

(b) General and other ledgers reflecting assets, liabilities, reserve, capital, income and expense accounts.

(c) A memorandum of each order given by the investment adviser for the purchase or sale of any security, of any instruction received by the investment adviser from the client concerning the purchase, sale, receipt, or delivery of a particular security, and of any such order or instruction. Such memorandum shall also show the terms and conditions of the order or instructions.

(d) All cheque books, bank statements, cancelled cheques and cash reconciliations of the investment adviser.

(e) All bills or statement or copies thereof, paid or unpaid, relating to the investment adviser's business.

(f) All trial balances of financial statements, and internal audit working papers relating to the business.

(g) Originals of all written communications received and copies of all written communications sent relating to any recommendation made or advice given, or relating to any receipt, disbursement or delivery of funds or securities,

provided however, that the investment adviser shall not be required to keep any unsolicited market letters or communications of general public distribution not prepared by or for the investment adviser.

(h) A list or other record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transaction of any clients.

(i) All powers of attorney and other evidences of the granting of any discretionary authority by any client to the investment adviser, or copies thereof.

(j) All written agreements entered into by the investment adviser with any client relating to the business of such investment adviser.

(k) A copy of each notice, circular, advertisement, newspaper article, investment letter or other communication that the investment adviser circulates or distributes to clients or potential clients.

(l) A record of every transaction in a security in which the investment adviser or a representative of such investment adviser has, or by reason of such transaction acquires, any direct or indirect beneficial ownership.

Appointment and Removal of Auditor

15. (1) An investment adviser shall, within one month of obtaining a license, appoint or confirm the appointment of a qualified auditor to audit the financial accounts of the investment adviser.

(2) An investment adviser shall notify the Authority of the appointment or confirmation of the appointment of an auditor as stipulated in regulation 15 (1) within 15 days of the said appointment.

(3) (a) An auditor may, by notice in writing to an investment adviser, resign as auditor.

(b) An auditor who intends to resign as auditor shall immediately upon taking the decision to resign, notify the Authority in writing about its decision, stating reasons for the resignation.

(c) An investment adviser may not remove his auditor from office, except with the prior written consent of the Authority.

Financial Reporting Requirements of Investment Advisers

16. (1) (a) An investment adviser shall in respect of its investment advisory business, prepare and submit to the Authority, audited annual financial statements for each financial year, comprising of:

- i) a balance sheet
- ii) a profit and loss account
- iii) a cash flow statement

(b) The financial statements, required to be prepared under the Act and these regulations, shall comply with the provisions of **Schedule 8**, as far as practicable, with respect to the form and content of the balance sheet, profit and loss account, the cash flow statement, and any additional information to be provided by way of notes to the financial statements.

(c) Where compliance with the provisions of the Schedule and other provisions of the Act and these Regulations as to the matters to be included in a balance sheet, profit and loss account, and cash flow statement would not be sufficient to give a true and fair view, the necessary additional information shall be given in the accounts or in the notes to them.

(d) If in special circumstances, compliance with any of these provisions is inconsistent with the requirement to give a true and fair view of the financial statements, the investment adviser may depart from that provision to the extent necessary to give a true and fair view.

(e) A departure under sub regulation (d) from any such provision shall be accompanied by a note to the financial statements providing the particulars of the departure and the reasons for it.

(2) (a) The investment adviser shall ensure that annual financial statements required to be prepared under the Act and these Regulations shall be submitted to its appointed auditor for audit.

(b) The auditor's report obtained in compliance with these Regulations shall be submitted by the investment adviser to the Authority together with:

- (i) the annual financial statements; and
- (ii) confirmation in writing from the investment adviser who prepared the financial statements that it has complied with each and every requirement of the Act and these Regulations pertaining to the preparation of the financial statements.

(c) Where the auditor's report is qualified on the grounds of the auditor's uncertainty as to the completeness or accuracy of the account records, that report shall when submitted by the investment adviser, be accompanied by a written document signed by two directors of the investment adviser, stating:-

(i) whether all the accounting records of the investment adviser have been made available to the auditor for the purposes of his audit; and

(ii) whether all transactions undertaken by the investment adviser have been properly reflected and recorded in the investment adviser's accounting records.

PART V: INFORMATION DISCLOSURE TO CLIENTS AND CUSTODY OF CLIENTS' FUNDS

Duty to Act in the Interest of Clients

17. (1) It shall be unlawful for an investment adviser to act in a manner that is misleading, or omit material facts or engage in other fraudulent acts and practices in connection with the conduct of an investment advisory business.

(2) As a fiduciary, an investment adviser owes its clients undivided loyalty, and shall not engage in activity that conflicts with a client's interest without the client's consent.

Written Disclosure Statement to clients or Prospective Clients

18. (1) An investment adviser shall furnish each client or prospective client with a written disclosure statement or a brochure, describing the adviser's business practices and educational and business background, and this statement or brochure shall be delivered:

a) at least 48-hours before entering into any written or oral contract with a client, or

(b) at the time of entering into the contract with a client if the contract permits the client to terminate the contract within five business days after entering into the contract without paying penalty.

(2) An investment adviser shall furnish each existing client updated brochure on annual basis without charge.

(3) The information that should be included in the disclosure statement or brochure should describe the investment adviser's business practices and educational and business background, and should include, but not limited to, the following items:

(a) Type of advisory services offered (eg Investment supervisory services, management of accounts, issuing of periodicals, issue of special reports on securities, etc)

(b) Whether investment adviser refers to any of the services provided in (3) (a) above as financial planning.

(c) Whether service fees charged are on percentage basis, hourly basis, fixed fee basis, subscription fee basis, commissions or other specified basis.

(d) Whether fees are negotiable or not.

(e) When fee is payable, and when fee is payable before service is provided, how a client may get a refund or may terminate an advisory contract before its expiration.

(f) Type of client investment advice is provided to (eg individuals, banks, charitable organizations).

(g) Type of investments offered advice on (eg equity securities, municipal securities, corporate debt securities, mutual funds, real estate, futures contracts).

(h) Investment strategies used to implement any investment advice given to clients (e.g. long term, i.e. securities held at least one year, short term, i.e. securities sold within a year, option writing, margin transactions, etc.).

(i) Educational and business background of each member of the investment committee of the firm or the group that determines general investment advice to be given to clients.

(j) Whether investment adviser is actively engaged in a business other than giving investment advice.

(k) Whether the investment adviser is also licensed as a securities broker-dealer.

(l) Whether the investment adviser has any potential conflict of interest situations (eg as principal, buys securities for itself from or sells securities it owns to any client, buys or sells for itself securities that it also recommends to clients.)

(m) The frequency and nature of regular reports to clients on their accounts.

(n) Whether investment adviser normally has authority or investment discretion, without obtaining specific client consent, to purchase or sell securities, to determine commission rates paid, or which broker or dealer to use for an investment.

(4) The investment adviser must also provide to a client or prospective client the investment adviser's balance sheet for the most recent fiscal year, if investment adviser provides custody of clients' funds or securities.

(5) For the purposes of a balance sheet, a sole proprietor or individual investment adviser is required to show investment advisory business assets and liabilities separate from other business and personal assets and liabilities.

(6) An investment adviser shall also disclose to any client or prospective client all material facts with respect to:

(a) A financial condition of the adviser that is reasonably likely to impair the ability of the adviser to meet contractual commitments to clients, if adviser has discretionary authority (express or implied) or custody over such clients' funds or securities.

(b) A legal or disciplinary event that is material to an evaluation of the adviser's integrity or ability to meet contractual commitments to clients.

Custody or Possession of Funds or Securities of Clients

19. Where investment adviser has custody or possession of any funds or securities in which any client has any beneficial interest, it shall be considered a fraudulent, deceptive or manipulative act for the adviser to take any action, directly or indirectly, with any such funds or securities, unless:

(1) All such securities of each client are segregated, marked to identify the particular client who has the beneficial interest therein, and held in safekeeping in some place reasonably free from risk of destruction or other loss; and

(2) all such funds are deposited in one or more bank accounts which contain only clients' funds, and (b) such accounts are maintained in the name of the investment adviser as agent or trustee for such clients, and (c) the investment adviser maintains a separate record for each account showing the name and address of the bank where such account is maintained, the dates and amount of deposits in and withdrawals from such account and the exact amount of each client's beneficial interest in such account; and

(3) Such investment adviser, immediately after accepting custody or possession of such funds or securities from any client, notifies such client in writing of the place and manner in which such funds and securities will be maintained; and

(4) The investment adviser sends to each client not less frequently than once every three months an itemized statement showing the funds and securities in the custody of the investment adviser; and

(5) All such funds and securities of clients are verified by actual examination at least once during each calendar year by an independent or external auditor at a time which shall be chosen by such auditor without prior notice to the investment adviser.

Investment Advisers Who Are Licensed Broker-Dealers

20. Regulation 19 shall not apply to investment advisers who are also licensed as brokers or broker-dealers and who are members of a stock exchange and are in compliance with all rules and regulations of such exchange imposing requirements with respect to financial responsibility and the segregation of funds or securities held for the account of clients.

PART VI: ADVERTISEMENTS

Applicability

21. (1) The regulations of this Part shall apply to advertisements issued or disseminated to the public offering the services of investment adviser.

(2)The regulations of this Part shall also apply to every form of advertisement whether it is by way of publication or by display of notices or by means of circulars or other documents or by an exhibition of photographs or films, videos, discs or by way of sound broadcasting, television or website computer screens or in any other manner.

(3) For the purpose of this Part the term “advertisement” includes any public notice or announcement including the publication of research findings.

General principles

22. (1)An advertisement shall be based on principles of good faith and fair presentation and shall not in any way mislead or deceive prospective investors.

(2)An advertisement shall adhere to the highest standards of accuracy.

(3)An advertisement shall be couched in clear language easily understood by the public at large.

(4)An advertisement shall describe clearly and unambiguously the nature of the investment or the service offered.

(5) An advertisement shall state sufficient relevant information in order that an adequate description of the investment or services offered is conveyed to the recipient.

(6)Statements of opinion in an advertisement shall be attributed to an identified person and reasonable steps shall be taken to ensure that the person expressing the statement at the date of the publication currently holds the opinion.

(7)Where applicable, statements of facts shall be clearly distinguished from statements of opinion.

(8)Forecasts or projections of future performance shall,

(a) be attributed to an identified source that takes responsibility for the forecast or projection and has consented to the publication of the forecast or projection with the identity and qualifications of the source published along with the advertisement in bold print.

(b)not be misleading in form or content.

(c)state the key assumptions for the forecasts or projections; and

(d)contain a statement to the effect that the forecasts or projections are based on assumptions which are subject to risks or uncertainties that may cause actual occurrences to differ materially from the forecasts or projections.

(9)Any comparison made between alternative investments shall be fair, reasonable, accurate and compatible and shall not omit factors that are likely to be relevant to an

appreciation of the comparison or contrast. The participation and involvement of any government, governmental authority or public regulatory authority responsible for regulating the subject in connection with which the advertisement is being issued shall,

(a) if stated, be stated in a factual manner;

(b) not in any way imply to investors either directly or indirectly that the regulatory authority has taken responsibility for the financial soundness of the issuer; or that the regulatory authority recommends or endorses the investment or that the regulatory authority assumes responsibility for truth and accuracy of any statements and opinions contained in the advertisement unless,

(i) the government, governmental authority or public regulatory authority has in writing sanctioned the use of its name in the context referred to above; and

(ii) the investment or service, which is the subject matter of the advertisement, is being offered by or on behalf of the government, governmental authority or public regulatory authority.

(10) Performance figures quoted, referred to or reproduced in any advertisements shall

(a) be attributed to an identified source with the identity and qualifications of the source disclosed prominently in the advertisement;

(b) if pertaining to a period of less than 12 months have the most recent figures of 12 months duration for comparison purposes unless the information is unavailable due to the advertiser or if the person for and on whose behalf the advertisement is issued has been in operation for less than 12 months; and

(c) be actual and not hypothetical or simulated.

(11) Graphs, tables and other diagrams used in an advertisement shall be to scale and presented without distortion.

(12) If any reference is made to taxation in an advertisement it shall include:

(a) a statement confirming that the tax referred to is currently available and that the value of the relief will depend on the individual circumstance of the investor where the reference is based upon an assumed rate of taxation;

(b) a statement clarifying whether the tax relief or exemptions referred to in the advertisement apply directly to the investor, to the provider of the investment or to the fund in which the investor participates or to more than one of them;

(13) An advertisement to be disseminated to the public shall be signed

(a) by the individual issuing it in the case of natural person; or

(b) by a director, executive officer or secretary in the case of a body of persons.

Prohibitions

23. (1) A person shall not
- (a) issue or publish an advertisement offering an investment in securities or a service to persuade or induce any person who responds to the advertisement to transact business of a kind not described in the advertisement;
 - (b) claim or suggest that the person or any person associated with the person can give advice, make recommendations or exercise discretion unless the claim or suggestion can be justified;
 - (c) disguise the significance of a statement, warning or other matter required by these Regulations or any other law to be included in an advertisement either through a relative lack of prominence or by the inclusion of any matter likely to detract from it; or
 - (d) claim or imply limited availability of investments or services in any advertisement unless the claim or implication can be justified.
- (2) An advertisement shall not carry a quotation from a testimonial or commendation unless the quotation is
- (a) a complete or a fair representation of the whole testimonial or commendation;
 - (b) accurate and not misleading at the time when the advertisement is issued, and
 - (c) attributable to an identifiable person who has consented in writing to the testimonial or commendation being used in the advertisement.

Cautionary statements

24. (1) An advertisement shall contain a clearly displayed or audible statement which makes it plain that the advertisement contains promotional material and has a promotional purpose.

Content of advertisements

25. (1) There shall be included in each advertisement;
- (a) a statement to the effect that returns may not materialize as expected if the investment offered is one that may fluctuate in value where reference is made to returns on investment;
 - (b) a statement cautioning the investor that changes in the rate of exchange may cause the value of the investment to appreciate or depreciate in the case of an investment involving exposure to a foreign currency.
- (2) Sufficient prominence shall be given in an advertisement to the risks associated with the particular investment.

Penalty

26. Any person who contravenes any of the provisions of the regulations of this Part is liable for any or all of the following penalties,

- (a) intervention;
- (b) the payment of penalty of Rufiyaa;
- (c) revocation, suspension or such restriction on a license as the Authority may impose.

PART VII: CODE OF ETHICS

Written Code of Ethics

27. (1) An investment adviser shall establish, maintain and enforce a written code of ethics that at a minimum, includes;

(a) standard of business conduct that is required of supervised persons, which standard must reflect the fiduciary obligations of the investment adviser and those of the supervised persons of the investment adviser;

(b) provisions requiring supervised persons to comply with applicable securities laws;

(c) provisions that require all supervised persons, directors, officers and partners to report, and the chief executive to review, their personal securities transactions and holdings periodically;

(d) provisions requiring supervised persons to report any violation of the code of ethics promptly to the investment adviser's chief compliance officer, or to other persons designated in the code of ethics;

(e) provisions requiring the investment adviser to provide each of supervised persons with a copy of the code of ethics, and for the supervised persons to provide a written acknowledgement of their receipt of the code of ethics.

(2) The code of ethics must require the submission of reports on current securities holdings by supervised persons, directors, officers and partners which reports should include at a minimum;

(a) Title and type of security;

(b) Name of broker, dealer or bank in which the person maintains an account in which securities are held;

(c) The date of submission of report.

(3) For the purposes of this Part, “supervised persons” refer to a) employees or agents of the investment adviser who have access to non-public information regarding any client’s purchase or sale or portfolio holding of securities, or b) employees or agents involved in making securities recommendations to clients or who have access to such recommendations that are non-public.

REGULATION ON INVESTMENT ADVISERS (2008)

SCHEDULE 1

APPLICATION FOR A LICENSE/RENEWAL OF A LICENSE TO CARRY ON BUSINESS AS AN INVESTMENT ADVISER BY A BODY CORPORATE UNDER THE MALDIVES SECURITIES ACT (LAW 02/2006)

Regulation 8(1)

1. General Information

- (a) Name of applicant
- (b) Address
- (c) Location of principal place of business
- (d) Location/address of branches (if applicable)
- (e) Telephone number
- (f) Fax
- (g) E-mail
- (h) Name and address of principal bankers and bank account numbers
- (i) Name and address of secretary (if applicant is a company)
- (j) Name and address of the auditors of the applicant

*2. Type of investment adviser's license applied for

Please specify if application is for a license to:

- (a) Only carry on the business of advising others concerning securities;
- (b) Only carry on the business of issuing or publishing analyses or reports concerning securities;
- (c) Only carry on the business of managing a portfolio of securities on behalf of clients for investment purposes;
- (d) Carry on a combination of the above business. If so please specify combination.

3. Type of application

- (1) Please indicate if this is an initial application for a license or an application for the renewal of an existing license.
 - (a) Initial application
 - (b) Renewal
- (2) If it is for renewal of an existing license please furnish the following information
 - (a) Date of issue of existing license
 - (b) License number

***4. Legal status**

- (1) If applicant is incorporated in the Maldives please specify the law under which the applicant is incorporated.
 - (a) Incorporated under the Companies Act of Republic of Maldives
 - (b) Other (Specify)
- (2) If applicant is incorporated outside the Republic of Maldives please specify the law under which the applicant is incorporated
- (3) Please confirm if the regulations/partnership agreement of the applicant permit it to engage in the business for which the license is sought.

***5. Capital structure and shareholding**

- (1) Please specify:
 - (a) Authorised Shares
 - (b) Issued Shares
 - (c) Paid up Capital
- (2) Please specify the names and addresses of the principal shareholders of applicant.

***6. Other businesses**

Please give details of other businesses (if any) the applicant is engaged in other than the business for which license is being applied for.

***7. Particulars of directors/partners and management**

- (1) (a) Please specify the name, address and profession/occupation of every director/partner of the applicant along with any other directorship held by them.
 - (b) Please also specify if they will be executive or non-executive.
- (2) Please specify the name, address and qualifications of the chief executive officer of the applicant along with any other directorships held by him/her.

***8. Organisation chart**

Please annex a chart setting out by way of a diagram the organizational Structure of the applicant with particular reference to supervision and lines of reporting.

***9. Group and associated person information**

Please specify names of holding company, subsidiary companies and associates of the applicant indicating companies or partnerships in which the applicant has an interest.

***10 Staff**

Please name the directors/partners and employees of the applicant who will be involved in the operations of the business for which the license is sought. Please specify qualifications and experience and whether these persons are holders of investment adviser representative license under the Law.

***11. Register of Interests**

Please specify location of the register of interests in securities required to be maintained in accordance with Chapter VI of the Maldives Securities Act.

We, the undersigned, certify that the above information is true and accurate. We undertake in the event of our application being accepted/our license being renewed to abide by the Securities Act and the Regulations, Rules, Statements of principles, procedures, guidelines and directions present and prospective issued from time to time by the Authority established by this Act. We also undertake to inform the Authority immediately of any change in any of the particulars stated in this application.

We confirm that

- (a) the applicant is not in the course of being wound up;
- (b) no receiver or manager has been appointed under any law with regard to the business and assets of the applicant;
- (c) the applicant has not entered into any compromise or scheme of arrangement with any of its creditors either in Maldives or outside which is still in operation;
- (d) that neither the applicant nor any of the directors/partners and executive officers of the applicant have been
 - (i) adjudged bankrupt anywhere;
 - (ii) convicted either within Maldives or elsewhere within the period of 10 years immediately preceding the date on which this application is made of an offence involving fraud or dishonesty punishable on conviction with imprisonment for a term of three months or more;
 - (iii) denied a license as a dealer, dealer's representative, investment adviser or investment adviser representative or had a license issued under this Act to them suspended, revoked or cancelled;
 - (iv) directors or partners of an entity which has been denied a license under the Act or had any license issued under this Act suspended, evoked or cancelled.

We enclose

- *1 A certified copy of the certificate of incorporation/registration of the applicant.
- *2 A certified copy of the Regulations/Partnership Agreement of the applicant.
- +3 A certified copy of the Audited Financial Statement of the applicant for the past three financial years or Auditors Statement of Affairs (if the applicant is yet to commence operations or is yet to issue audited financial statements).

NB

- * Not required in case of renewal unless there have been changes.
- + In the case of a renewal the audited financial statements of the last financial year will suffice in the event these accounts have not already been filed with the Authority.

SEAL OF APPLICANT

**AUTHORISED SIGNATORIES
NAMES/DESIGNATIONS**

DATE:

REGULATION ON INVESTMENT ADVISERS (2008)

SCHEDULE 2

APPLICATION FOR A LICENSE/RENEWAL OF A LICENSE TO ACT AS INVESTMENT ADVISER BY A NATURAL PERSON/ INDIVIDUAL UNDER THE MALDIVES SECURITIES ACT (LAW 02/2006)

Regulation 8(2)

1. General Information

- (a) Name of applicant
- (b) Address
- (c) Date of birth
- (d) Location of principal place of business
- (e) Location/address of branches (if applicable)
- (f) Telephone number
- (g) Fax
- (h) E-mail
- (i) Name and address of principal bankers and bank account numbers
- *(j) Name and address of two unrelated referees who can testify to the applicant's competence to discharge the duties and obligations pertaining to the license applied for.
- *(k) The location of the register of interests in securities required to be maintained in accordance with the provisions of Chapter VI of the Maldives Securities Act.

*2. Type of investment adviser's license applied for

Please specify if application is for a license to:

- (a) Only carry on the business of advising others concerning securities;
- (b) Only carry on the business of issuing or publishing analyses or reports concerning securities;
- (c) Only carry on the business of managing a portfolio of securities on behalf of clients for investment purposes;
- (d) Carry on a combination of the above business. If so please specify combination.

3. Type of application

(1) Please indicate if this is an initial application for a license or an application for the renewal of an existing license

- (a) Initial application
- (b) Renewal

- (2) If it is for renewal of an existing license please furnish the following information
- (a) Date of issue of existing license
 - (b) License number

I, the undersigned, certify that the above information is true and accurate. I undertake in the event of any application being accepted/my license being renewed to abide by the Securities Act and the regulations, rules statements of principles, procedures, guidelines and directions present and prospective issued thereunder from time to time by the Authority established by this Act. I also undertake to inform the Authority immediately of any change in any of the particulars stated in this application.

I confirm that I have not been

- (a) adjudged bankrupt anywhere;
- (b) convicted either within Maldives or elsewhere within the period of 10 years immediately preceding the date on which the application is made of an offence involving fraud or dishonesty punishable on conviction with imprisonment for a term of three months or more;
- (c) denied a license as a dealer, dealer's representative, investment adviser or investment adviser representative;
- (d) a director or partner of an entity which has been denied a license under the Act or has had any license issued under this Act suspended, revoked or cancelled.

I authorise the Authority to call for a report of my financial standing from my bankers whose addresses have been given above.

* I enclose certified copies of certificates pertaining to my educational, academic and/or professional qualifications.

NB

* Not required in case of renewal unless there have been changes.

DATE:

.....
SIGNATURE OF APPLICANT

REGULATION ON INVESTMENT ADVISERS (2008)

SCHEDULE 3

**APPLICATION FOR A LICENSE/RENEWAL OF A LICENSE
TO ACT AS INVESTMENT ADVISER REPRESENTATIVE
UNDER THE MALDIVES SECURITIES ACT
(LAW 02/2006)**

Regulation 8(3)

1. General Information

- (a) Name of applicant
- (b) Name of Employer
- (c) Date of birth
- (d) Residential address
- (e) Business address
- (f) Telephone number
- (g) Fax
- (h) E-mail

3. Type of application

- (1) Please indicate if this is an initial application for a license or an application for the renewal of an existing license
 - (a) Initial application
 - (b) Renewal

- (2) If it is for renewal of an existing license please furnish the following information
 - (a) Date of issue of existing license
 - (b) License number

I, the undersigned, certify that the above information is true and accurate. I undertake in the event of my application being accepted/my license being renewed to abide by the Securities Act and the regulations, rules, statements of principles, procedures, guidelines and directions present and prospective issued from time to time by the Authority established by this Act. I also undertake to inform the Authority immediately of any change in any of the particulars stated in this application.

I confirm that I have not been

- (a) adjudged bankrupt anywhere;

- (b) convicted either within Maldives or elsewhere within the period of 10 years immediately proceeding the date on which the application is made of an offence involving fraud or dishonesty punishable on conviction with imprisonment for a term of three months or more;
- (c) denied a license as a dealer, dealer's representative, investment adviser or investment adviser representative;
- (d) a director or partner of an entity which has been denied a license under the Act or has had any license issued under this Act suspended, revoked or cancelled.

* I enclose certified copies of certificates pertaining to my educational, academic and/or professional qualifications.

NB

* Not required in case of renewal unless there have been changes

DATE:

.....
SIGNATURE OF APPLICANT

Declaration to be filed by the investment adviser employing the applicant

I/We certify that I/we am/are the holder/s of an investment adviser's license issued under the Securities Act and that the applicant above named is employed by me/us and to the best of my/our knowledge:

1. There is no legal impediment to the applicant being granted the license applied for;
2. The applicant is the holder of the qualifications disclosed in the application; and
3. The applicant is a fit and proper person to be granted the license applied for.

Date:.....

Authorised Signatory
Investment Adviser

REGULATION ON INVESTMENT ADVISERS (2008)

SCHEDULE 4

**MINIMUM CAPITAL REQUIREMENTS AND FEES
UNDER THE MALDIVES SECURITIES ACT
(LAW 02/2006)**

Regulations 9 and 10

A) MINIMUM CAPITAL

| | | |
|-------------------------------------|-------------|-----------------|
| Investment Adviser (Body Corporate) | MRF 500,000 | Paid Up Capital |
| Investment Adviser (Individual) | xxx ? | |

B) FEES

a) Application Fee

| | |
|----------------|---------|
| Body Corporate | MRF xxx |
| Individual | MRF xxx |

b) Approval Fee

| | |
|----------------|---------|
| Body Corporate | MRF xxx |
| Individual | MRF xxx |

c) Renewal Fee

| | |
|----------------|---------|
| Body Corporate | MRF xxx |
| Individual | MRF xxx |

REGULATION ON INVESTMENT ADVISERS (2008)

SCHEDULE 5

**NOTIFICATION OF A CHANGE IN PARTICULARS OF
A LICENSED INVESTMENT ADVISER OR LICENSED
INVESTMENT ADVISER REPRESENTATIVE**

(Regulation 11)

1. Name of Investment Adviser/Representative
2. Registered Address
 - Telephone
 - Fax
 - E-mail
3. The nature of the change of particulars
4. Date on which the change was effected

I/We certify that the above information is true and accurate.

Date:

Signature & Designation

REGULATION ON INVESTMENT ADVISERS (2008)

SCHEDULE 6

**NOTIFICATION OF THE PARTICULARS AND LOCATION
OF THE REGISTER OF INTERESTS IN SECURITIES REQUIRED
TO BE MAINTAINED BY PERSONS UNDER CHAPTER V1
OF THE MALDIVES SECURITIES ACT**

Regulation 13(2)(a)

1. Name of investment adviser/investment adviser representative
2. Address
Telephone number
Fax
E-mail
3. Address at which register will be kept.
4. Form in which the register will be maintained (whether in book form or electronic).
5. Particulars of the Register

In the case of an acquisition/disposal

| Name of person having the interest | Name of Security | Date of Transaction | Quantity | Price |
|------------------------------------|------------------|---------------------|----------|-------|
| | | | | |

In the case of any other interest in a security

| Name of person having the interest | Name of Security | Nature of Interest | Exercise Date in Case of a Right/Option | Quantity | Price or Pricing Formula |
|------------------------------------|------------------|--------------------|---|----------|--------------------------|
| | | | | | |

I/We confirm that the information given above is true and accurate and that the Register is complete in terms of particulars and are being maintained in keeping with the provisions of Chapter V1 of the Maldives Securities Act.

Date:

Signature of Investment Adviser

REGULATION ON INVESTMENT ADVISERS (2008)

SCHEDULE 7

**NOTIFICATION OF INVESTMENT ADVISER CEASING TO
BE A PERSON TO WHOM CHAPTER V1 (RELATING TO REGISTER OF
INTERESTS IN SECURITIES) OF THE MALDIVES
SECURITIES ACT APPLIES**

Regulation 13(2)(b)

I/We ofhereby give notice to the
Capital Market Development Authority that I/we have ceased to be a person to whom
Chapter 6 of the Securities Act (Law: 02/2006) applies with effect from
.....

Date:

Signature of Investment Adviser

REGULATION ON INVESTMENT ADVISERS (2008)

SCHEDULE 8

**PRESCRIBED FORMAT FOR THE PRESENTATION
OF BALANCE SHEET, PROFIT AND LOSS
ACCOUNT AND STATEMENT OF CASH FLOWS OF
AN INVESTMENT ADVISER**

(Regulation 16)

BALANCE SHEET FORMAT

A. FIXED ASSETS

I. Intangible assets

1. Development costs
2. Goodwill (1)
3. Other

II. Tangible Assets

1. Freehold land and building
2. Leasehold land and building
3. Motor vehicles
4. Office equipment and computers
5. Fixtures and fittings
6. Payments on account
7. Other tangible assets

III. Investments

1. Loans to and shares in group companies and connected companies
2. Other listed investments
3. Other unlisted investments

B. CURRENT ASSETS

I. Physical stocks

II. Debtors (2)

1. Trade debtors (3)
2. Other debtors
3. Amounts due from connected and group companies
4. Prepayments and accrued income

III. Investments

IV. Cash at bank and in hand

B. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

1. Bank loans and overheads
2. Subordinated loans (4)
3. Other debenture loans
4. Trade creditors (5)
5. Investments (short positions)
6. Income tax (if any)
7. Amount due to group and connected companies
8. Other creditors
9. Accruals and deferred income

D. NET CURRENT ASSETS (LIABILITIES)

E. TOTAL ASSETS LESS CURRENT LIABILITIES

F. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

1. Bank loans and overdrafts
2. Subordinated loans (4)
3. Other debenture loans
4. Trade creditors (5)
5. Income tax
6. Amounts due to group and connected companies
7. Other creditors
8. Accruals and deferred income

G. PROVISIONS FOR LIABILITIES AND CHARGES

1. Commissions on indemnity terms
2. Pension and similar obligations
3. Taxation including deferred taxation
4. Other provisions

H. TOTAL ASSETS LESS TOTAL LIABILITIES

I. CAPITAL AND RESERVES

1. Called up share capital
2. Share premium account
3. Directors current accounts
4. Revaluation reserve

5. Other reserves
6. Profit and loss account

Notes on the Balance Sheet Format

1. GOODWILL

Goodwill shall be included only in so far as it was acquired for valuable consideration.

2. DEBTORS

The amount falling due after more than one year shall be shown separately for each item included under debtors.

3. TRADE DEBTORS

(a) Fees

- Outstanding for more than 30 days
- Outstanding for 30 days or less

(b) Commissions

- Outstanding for more than 30 days
- Outstanding for 30 days or less

(c) Other

- Amount outstanding for more than 30 days
- Outstanding for 30 days or less

4. SUBORDINATED LOANS

- (a) Long term subordinated loans
- (b) Short term subordinated loans
- (c) Committed undrawn subordinated facilities
- (d) Bank Undertakings

5. TRADE CREDITORS

- (a) Amounts due to be paid against delivery of securities
- (b) Amounts due to be paid in respect of securities transactions otherwise than against delivery of securities
- (c) Other (specify)

PROFIT AND LOSS ACCOUNT FORMAT

A. DEALINGS

1. Equities
2. Debt instruments
3. Units in collective investment schemes
4. Other (specify)

B. REVENUE

I. Commissions on transaction in collective investment schemes

1. Authorised mutual fund and unit trust schemes
2. Other (specify)

II. Commissions on securities transactions

1. Equities
2. Debt instruments
3. Other (specify)

III. Investment management fees

IV. Fee income in respect of financial advice

V. Trustee fees

VI. Interest and dividends

1. Investment positions
2. Loan account and margin accounts
3. In respect of balances in clients' bank account
4. Other (specify)

VII. Dealing and settlement services

VIII. Revenue from research and consulting services

IX. Retained underwriting and placing commissions

X. Other revenue (specify if material)

C. EXPENDITURE

I. Commissions

1. Paid to staff
2. Paid to other investment businesses
3. Other (specify)

II. Salaries and other employment costs (exclusive of commission)

III. Directors emoluments

IV. Staff bonuses

V. Interest charges

1. Payable to clients' in respect of clients' money balances
2. Other (specify)

VI. Establishment costs

VII. Communications and marketing

VIII. Office equipment and services

IX. Provisions for losses, bad and doubtful debts

X. Professional charges

XI. Securities exchange and clearing charges

XII. Regulatory fees and expenses

XIII. Audit fees (including expenses)

XIV. Miscellaneous office expenses

XV. Other expenditure (specify if material)

D. PROFIT OR LOSS BEFORE TAXATION

E. TAXATION

F. PROFIT OR LOSS AFTER TAXATION

G. EXTRAORDINARY ITEMS

H. PROFIT OR LOSS FOR THE FINANCIAL YEAR

STATEMENT OF CASH FLOWS FORMAT

CASH FLOW FROM OPERATING ACTIVITIES

Operating Profit before taxes

Adjustments for:

 Depreciation and amortization

 Other non-cash movements

Operating Profit before working capital changes

Increase in other assets/capital expenditures

Increase in other liabilities

Increase in loans and advances to clients

Amount due to banks and other financial institutions

Other

 Cash from Operations before taxes

 Taxes Paid

Net Cash flow from Operating Activities

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment

Proceeds on sale of securities and other investments

Increase in investments in securities

Dividends received

Other

Net Cash Flow from Investing Activities

CASH FLOW FROM FINANCING ACTIVITIES

 Dividends paid

 Payments on debt

 Other

Net Cash Flow from Financing Activities

Increase/(Decrease) in cash & cash equivalents

Cash & Cash Equivalents at beginning of year

Cash & Cash Equivalents at end of year