

PRESS RELEASE

KEY AMENDMENT TO THE MALDIVES SECURITIES ACT ENHANCES FOREIGN INVESTMENT OPPORTUNITIES IN MALDIVES CAPITAL MARKET

The Peoples' Majlis has passed the 3rd amendment to the Maldives Securities Act 2/2006. The amendment was passed on 13th August 2024 at the 27th sitting of the 20th session of the Majlis. The amendment was ratified by the President on 3rd September 2024.

The key amendment brought to the Act is the inclusion of provisions to enable the Capital Market Development Authority (CMDA) to provide the regulatory framework for foreign investors seeking to do securities investments in the Maldives. The main objective of this amendment is to pave way for a more favorable process for foreign investors to obtain regulatory approvals and to do their financial transactions. With this amendment, Foreign Portfolio Investors (FPIs) are carved out from being subject to the requirements that are applied on Foreign Direct Investors (FDIs) under the Foreign Investment Law 25/79 and the Business Registration Act 18/14. There were amendments proposed to the Business Registration Act 18/14 also for the purpose of facilitating this amendments to the Maldives Securities Act and was passed by the Majlis on the same day.

The CMDA is extremely pleased and positive about these modifications to the legal framework. We are eager to bring about an effective framework that would make the Maldives capital market more appealing to do cross-border investments by foreign investors.

The CMDA has already begun work on drafting a regulation to specify the responsibilities of the key stakeholders including the Ministry of Economic Development, the CMDA and the market intermediaries in facilitating the registration process of a foreign investor. This framework will include the eligibility criteria and the requirements for opening a Securities Account with the Maldives Securities Depository and a Securities Inward Investment Account with the local banks. The framework will also include the required national thresholds/limits that are applicable to specific industries/sectors as provided by the Ministry of Economic Development and a process to monitor compliance with these threshold/limits will also be laid out and operationalized. We will be working towards a centralized digital system to administer the new framework.

With the support of the Ministry of Economic Development and all the other stakeholders, the CMDA is committed to achieving the outcomes that are expected of this development. The CMDA extends its deepest gratitude to all the stakeholders who supported and worked towards achieving this significant milestone and wish for more developments of this kind for the market and the country.

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