Securities Virtual Asset Service Providers Regulation				
Chapter 1: Preamble				
Short Title	1.			This regulation shall be known as the "Securities Virtual Asset Service Providers Regulation".
Definitions	2.	(a)		**“Securities Virtual Asset”** is a digital representation (in token form) of value that qualifies as a **security** under the Maldives Securities Act (Law number: 2/2006). This classification isn't based on the asset's name (like "cryptocurrency" or "token") but on its **economic reality** and how it's offered and sold. This does not include virtual assets that function purely as means of payment, legal tender (physical and digital form), stablecoins and CBDCs.
		(b)		**“Authority”** means Capital Market Development Authority established under the Maldives Securities Act (Law number: 2/2006).
		(c)		**“Securities Virtual Asset Service Provider (S-VASP)”** means any person or legal entity licensed or registered by the Authority to carry out one or more Securities Virtual Asset Activities under this Regulation.
		(d)		**"Virtual Asset Activities"**: The provision of services related to Securities Virtual Assets (OR operate SVATP), including, but not limited to, exchange, transfer, custody, and advisory services.
		(e)		**"Competent Authorities"**: The Capital Market Development Authority (CMDA)and the Maldives Monetary Authority (MMA).
		(f)		"**Securities Virtual Assets Trading Platform**" (SVATP) means any electronic or other facility, system, or mechanism that is operated by a Securities Virtual Assets Service Provider for the purpose of, or that has the effect of, facilitating the purchase, sale, exchange, or transfer of Virtual Assets that meet the definition of "Securities" under the relevant Maldivian law.

		(g)		**"Stablecoin"** means any Virtual Asset which, by design, seeks to maintain a stable value relative to a specified external reference, which may include: • A fiat currency (e.g., the Maldivian Rufiyaa, the US Dollar, or the Euro). • One or more commodities (e.g., gold or oil). • A basket of assets (including a combination of fiat currencies, other Virtual Assets, or financial instruments).
		(h)		**"Utility Token"** means a Virtual Asset that is intended to provide digital access to a good or service available on a distributed ledger technology (DLT) based system or network, and is only accepted by the issuer of that token.
		(i)		**"Technology Risk Management" (TRM)** means the comprehensive framework, policies, and procedures established by a Securities Virtual Assets Service Provider (SVASP) to manage the potential risks arising from the failure, disruption, or misuse of information systems, digital infrastructure, and underlying technology (including Distributed Ledger Technology).
		(j)		**"Whitepaper":** A public disclosure document issued by a securities virtual asset issuer detailing the project, rights attached to the tokens, technology, risks, and governance.
		(k)		"**SVATP Proposal**" is the formal document, structured in the mandated form and including all specifics required by the Authority (as updated periodically), detailing the Virtual Assets trading platform put forward by the Virtual Assets Service Provider.
Institutional Framework and Jurisdiction	3.	(a)		The regulation and supervision of SVASP and Securities Virtual Assets shall be conducted by the Authority.
Inter-Agency Coordination		(b)		The Authority and MMA shall establish a mechanism to provide mutual support and assistance to each institution in relation to matters concerning virtual assets.
Policy Alignment	4.			The Authority shall coordinate and align policies (to the extent practicable) with all relevant regulatory authorities to:
			I	Prevent regulatory fragmentation; and
			II	Ensure a coherent national approach to virtual asset regulation and supervision.
Powers of the Authority	5.			The Authority shall have the power to—
			I	classify virtual assets, virtual asset services, and categories of virtual asset service providers for supervisory purposes;

			II	suspend, restrict, or prohibit specific classes of virtual assets or activities where such action is necessary to protect market integrity, financial stability, or investor interests;
			III	issue rules, circulars, and directives to give full effect to this Regulation; and
			IV	exercise such other powers as may be conferred by this Regulation or any other law.
Chapter 2: Licensing and Registration				
Licensing and Registration	6.	(a)		No person shall carry out any Virtual Asset Activity in or from the Republic of Maldives without obtaining a license from the Authority, unless explicitly exempted by this regulation.
		(b)		Any person intending to operate as a Securities Virtual Asset Service Provider (S-VASP) shall submit an application for licensing through the CMDA's licensing portal, accompanied by all documents and information prescribed by the Authority, including Securities Virtual Asset Trading Platform (SVATP) Proposal (SVATP Proposal), a whitepaper and disclosure document where applicable.
		(c)		The Authority shall, from time to time, specify and publish the minimum content requirements for SVATP details, whitepapers and other disclosure documents on its official website.
Applicant	7.			A person seeking to operate a Securities Virtual Assets Trading Platform (SVATP) must adhere to the following requirements:
		(a)		The application under this Regulation must be filed by a company duly registered in the Republic of Maldives.
		(b)		The legal entity specified in subsection (a) shall only operate the SVATP unless the prior written approval of the Authority is obtained to conduct any other activities.
		(c)		Where the Authority grants approval under subsection (b) for the entity to conduct other activities, the entity must establish and strictly enforce robust internal rules and mechanisms to ensure the functional and operational segregation of the Securities Virtual Assets Services from all other permitted activities.
Application Review Process	8.	(a)		Applications for Securities Virtual Asset Service Provider (S-VASP) shall be submitted in the prescribed form.
		(b)		Preliminary Review: Authority conducts initial compliance checks.

		(c)		Committee Consideration: Authority submits applications for Virtual Assets Committee review.
		(d)		Decision: Virtual Assets Committee makes binding determinations, subject to appeal to the CMDA Board.
Tiered Licensing Framework	9.			The Authority shall implement a tiered licensing framework based on the risk profile, transaction volume, and scale of a S-VASP's operations.
			I	Tier 1 (Major S-VASPs): For entities with high transaction volumes and greater systemic exposure, subject to more stringent governance, compliance, and capital adequacy standards.
			II	Tier 2 (Limited-Scope S-VASP): For low-volume S-VASPs with limited exposure and minimal capital requirements, to allow for innovation under a lighter regime.
			III	Tier 3 (Sandbox root): For innovative S-VASPs CMDA sandbox root can be opted.
General Licensing Conditions	10.			All applicants for a S-VASP license, regardless of Tier, shall meet the following conditions:
			I	Be a company incorporated under the Companies Act of the Maldives, maintaining a physical presence and principal place of business in the Maldives.
			II	Demonstrate adequate capital thresholds and operational resilience procedures.
			III	Segregate client assets from proprietary funds.
Eligibility Criteria for Licensing Tiers	11.	(a)		Tier 1 – License (Major S- VASP)
			I	Minimum paid-up capital: MVR 2,000,000;
			II	Aggregate client assets or monthly transaction volumes exceeding Tier 2 thresholds;
			III	More than 500 active users;
			IV	Demonstrated operational and financial capacity;
			V	Subject to comprehensive governance, audit, AML/CFT, and cybersecurity standards.
		(b)		Tier 2 – License (Limited-Scope S-VASP)
			I	Minimum paid-up capital: MVR 500,000;
			II	Aggregate client assets ≤ MVR 5,000,000;
			III	Monthly transaction volume ≤ MVR 2,000,000;
			IV	Fewer than 500 active users;
			V	Must transition to Tier 2 if above thresholds exceeded for three consecutive months
		(c)		Tier 3 – License (Sandbox S-VASP)

			I	Operation under this license is exclusively governed by the provisions and conditions of the CMDA Sandbox Regulation;
			II	The authorization granted under this Tier shall be strictly limited to a period of twelve (12) months, which may be extended solely in accordance with the terms and criteria established in the CMDA Sandbox Regulation;
			III	Upon the successful conclusion of the testing phase, as determined by and conducted under the CMDA Sandbox Regulation, the licensee is mandated to apply for an upgrade to either a Tier 1 License or a Tier 2 License.
Tier 1 – Major S- VASP Continuing Requirements:	12.			Major S-VASP shall satisfy the following conditions at all times:
			I	Maintain minimum requirements stipulated in 10 (a).
			II	Implement comprehensive AML/CFT policies, including CDD, EDD for high-risk clients, and continuous transaction monitoring.
			III	Maintain ongoing financial soundness in accordance with prudential standards, including minimum liquidity coverage and net capital ratios proportionate to scale and risk profile.
			IV	Submit audited financial statements and capital adequacy reports annually.
			V	Submit quarterly reports within thirty (30) days of each calendar quarter.
			VI	Maintain auditable records of all transactions for at least five (5) years.
			VII	Obtain and maintain professional indemnity insurance or equivalent risk coverage.
			VIII	Appoint a Board of Directors with at least one independent non-executive director.
Tier 2 – Limited-Scope S-VASP Continuing Requirements:	13.			Limited-Scope S-VASP shall satisfy the following conditions at all times:
			I	Maintain minimum requirements stipulated in 10 (b).
			II	Demonstrate adequate liquidity coverage and capital adequacy ratios.
			III	Establish internal control and cybersecurity measures appropriate to the scale of operations.
			IV	Submit monthly or quarterly reports demonstrating compliance with prudential, operational, and reporting standards.
			V	Submit audited financial statements and capital adequacy reports annually.

Tier 3 – Sandbox S-VASP Continuing Requirements:	14.		I	Sandbox S-VASP shall satisfy the conditions stipulated in 10 (c).
			II	Must apply for Tier 1 or Tier 2 license upon successful testing.
Licensing Terms and Renewal:	15.	(a)		Licenses shall be valid for five (5) years and renewable upon application at least sixty (60) days prior to expiry;
		(b)		The Authority may suspend, revoke, or vary a license for non-compliance, subject to due process;
Change in Control	16.	(a)		Prior approval of the Authority shall be required for any change in control, ownership, or merger involving a licensed S-VASP.
		(b)		Any acquisition of ≥10% of share capital or voting rights in a licensed S-VASP requires prior written approval from the Authority.
		(c)		The Authority may reject the proposed change under subsection (a) and (b), where the acquirer fails to meet fit-and-proper criteria or poses a risk to sound management.
		(d)		Unapproved changes may result in suspension or revocation.
Cross-Border Recognition	17.			The Authority may recognize foreign S-VASPs from jurisdictions with equivalent regulatory standards.

Chapter 3: Permitting Securities Virtual Assets

Permitting Securities Virtual Assets	18.			Any Securities Virtual Assets may be issued only through a Securities Virtual Assets Service Provider (S-VASP) registered and licensed under the provisions of this Regulation.
Obligations Relating to Token Approval	19.	(a)		Where a S-VASP proposes to issue or list a token, the S-VASP shall ensure that:
			I	a written submission is made to the Authority describing the nature, purpose, and structure of the token, including whether it constitutes a security or not;
			II	adequate disclosures are made to the public, including a white paper or equivalent statement containing information on the token's features, governance, risks, and redemption or backing arrangements;
			III	independent audits or technical reviews of the token's smart contract and underlying technology are completed prior to issuance; and
		(b)		The Authority may prescribe additional conditions or refuse approval for a token issuance where it considers such

				issuance to present risks to market integrity, financial stability, or investor protection.
		(c)		Any token issued or distributed in contravention of this clause shall be deemed unauthorized, and the Authority may direct its suspension, delisting, or recall as deemed necessary.
Disclosure and Whitepaper Requirements	20.	(a)		A person intending to issue or offer a Securities Virtual Asset to the public shall, prior to such offer, submit to the Authority a whitepaper or disclosure document for approval.
		(b)		The whitepaper shall contain—
			I	The issuer's identity, corporate information, and governance structure;
			II	A detailed description of the virtual asset, its rights, utility, or underlying value;
			III	The total supply, distribution plan, and use of proceeds;
			IV	Risk factors including technology, legal, and market risks; and
			V	Investor warnings and disclaimers in a format prescribed by the Authority.
			VI	Full disclosure of the technological design, governance framework, and rights of token-holders;
			VII	Identification of investor classes targeted and risk disclosures proportionate to those investors;
			VIII	Ongoing obligation to submit periodic reports to the Authority on any listed or traded virtual assets.
		(c)		Any material changes in the information disclosed shall be promptly notified to the Authority and the public.
		(d)		The Authority may reject or suspend an offering where the whitepaper is false, misleading, or incomplete.
		(e)		No person shall promote or advertise a Securities Virtual Assets offering unless the whitepaper has been approved and published in the manner prescribed by the Authority.

Chapter 4: Virtual Assets Committee

Establishment and Composition	21.	(a)		The Authority shall establish a Virtual Assets Committee.
		(b)		The Committee shall consist of five (5) to seven (7) members, including:
			I	Persons with expertise in IT, cybersecurity, and related technical fields;
			II	Persons with substantial experience in business or finance;
			III	Qualified legal and accounting professionals;

			IV	One representative from MMA and one representative from NCIT.
		(c)		The Chief Executive Officer (CEO) of the Authority shall be responsible for designating the Secretary of the Committee.
Duties of the Committee	22.	(a)		Review applications submitted under Article 6 and make recommendations for approval, rejection, or amendment;
		(b)		Ensure conflicts of interest are disclosed and recusal occurs as necessary;
		(c)		Submit annual reports to the Authority summarizing decisions, emerging risks, and regulatory guidance, without disclosing confidential information.
		(d)		The Committee shall conduct ongoing and thorough risk assessments for each new virtual asset category, including evaluation of:
			I	Potential impacts on financial stability and market integrity;
			II	Investor protection considerations; and
			III	Susceptibility to money laundering, terrorism financing, and other illicit activities.
		(e)		The Committee if necessary propose regulatory frameworks, licensing requirements, and supervisory mechanisms tailored to the unique characteristics and risks of newly identified virtual asset types.
General Duties of the Committee Members	23.			The Committee members shall proactively monitor and evaluate global trends and innovations in virtual assets, including but not limited to:
			I	Novel token types, such as utility tokens, stablecoins, and non-fungible tokens (NFTs)
			II	Emerging business models, including Decentralized Finance (DeFi) platforms and Decentralized Autonomous Organizations (DAOs); and
			III	Associated market, operational, and financial risks.
Delegation of Responsibilities:	24.			The Committee may delegate specific tasks to sub-committees or working groups, provided that approval of virtual assets shall remain with the Committee. The Committee shall, where necessary, issue recommendations or advisory opinions on matters relating to virtual assets.

Chapter 5: Regulatory Safeguards

Governance and Management Obligations of S-VASPs:	25.	(a)		Immediately notify the Authority of any change in directors, senior management, or key shareholders, which shall be subject to a fit-and-proper reassessment;
		(b)		Establish, implement, and maintain a documented IT governance and cybersecurity framework, including:
			I	A comprehensive information security policy;
			II	An incident management plan;
			III	A Board-approved risk appetite statement, reviewed annually;
			IV	Business continuity testing at least once every twelve (12) months;
		(c)		Comply with the CMDA Technology and Cybersecurity Guidelines, as may be issued or amended by the Authority from time to time;
		(d)		Establish a governance framework ensuring separation of duties, risk management oversight, and periodic board-level review of compliance performance;
		(e)		Remain fully liable for compliance where any material activity (custody, KYC, IT security, etc.) is outsourced, and obtain prior approval from the Authority for such outsourcing.
Applicability of AML Regulation	26.			All licensed Securities Virtual Asset Service Providers (S-VASPs) shall comply with the obligations set out under the Prevention of Money Laundering and Terrorism Financing Act (Law No: 10/2014) and any subsidiary instruments issued thereunder.
Risk-Based Measures	27.			S-VASPs shall implement measures consistent with Financial Action Task Force (FATF) Recommendations 15 and 16, including:
			I	A risk-based approach to customer due diligence (CDD) and enhanced due diligence (EDD) for higher-risk clients or jurisdictions;
			II	Ongoing monitoring of transactions and business relationships to detect and report suspicious activity;
			III	Timely filing of Suspicious Transaction Reports (STRs) and other mandatory disclosures with the Financial Intelligence Unit (FIU);
			IV	Record-keeping of all client and transaction data for a minimum period of five (5) years
			V	Screening of customers and beneficial owners against relevant sanctions and watch-lists.
Tier-Specific AML/CFT Programs	28.	(a)		**Tier 1 and Tier 2 S-VASPs** shall maintain comprehensive AML/CFT programs proportionate to their scale and risk profile, including:

			I	Appointment of a Designated Compliance Officer responsible for AML/CFT oversight;
			II	Periodic independent AML audits; and
			III	Ongoing staff training in detection and prevention of financial crime.
		(b)		**Tier 3 SVASPs** operating under the regulatory sandbox shall apply proportionate AML/CFT measures in accordance with the CMDA Sandbox Regulation and as directed by the Authority.
Information Sharing	29.			The Authority shall cooperate and share information with the Maldives Monetary Authority (MMA), FIU, and other competent authorities to ensure effective implementation of AML/CFT standards and prevent regulatory arbitrage.
Custody and Safeguarding of Assets	30.			S-VASPs providing custodial services shall adhere to the following rules:
			I	Mandate the segregation of client assets from company assets through trust accounts or licensed custodians;
			II	Implement robust technical and operational safeguards to ensure the security and segregation of client assets, in accordance with the Authority's cybersecurity and custody requirements;
			III	Licensed custodians shall maintain insurance coverage to protect client assets.
Consumer Protection Requirements	31.			All S-VASPs shall be subject to the following:
			I	Mandatory disclosures on token characteristics, risks, and price volatility.
			II	Transparent pricing, fees, and loss warnings.
			III	Establish a centralized complaints portal to handle consumer grievances and ensure timely redressal.
			IV	Implement user education programs on the risks of virtual asset investments.
Cybersecurity and Operational Resilience	32.			All S-VASPs shall comply with minimum cybersecurity standards, including:
			I	Regular vulnerability assessments;
			II	Multi-factor authentication for client access;
			III	Prompt incident reporting to the Authority within 24 hours of material breaches.
			IV	Conduct annual penetration tests by an independent auditor;
			V	Maintain cybersecurity controls aligned with ISO/IEC 27001 or equivalent standards.

Market Conduct and Prohibited Practices	33.	(a)		A S-VASP and any person acting on its behalf shall at all times conduct virtual asset activities with integrity, fairness, and in the best interest of clients;
		(b)		A S-VASP, its employees, directors, or affiliates shall not, directly or indirectly:
			I	Engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative;
			II	Make or disseminate any false or misleading statement in connection with the purchase, sale, or exchange of a virtual asset;
			III	Engage in insider trading, front-running, wash trading, or market-manipulation practices;
			IV	Misuse confidential client or proprietary information for personal or third-party gain.
		(c)		The Authority may issue guidelines specifying examples of prohibited market-conduct behaviors and the standards of fair dealing expected of S-VASPs.
		(d)		Any breach of this Article shall constitute a regulatory offence and may result in suspension, revocation, or administrative penalties as prescribed under Article 36.
Conflict of Interest Policy	34.	(a)		Every S-VASP shall maintain and implement a written conflict-of-interest policy approved by its Board of Directors.
		(b)		The policy shall include procedures to—
			I	identify, manage, and disclose actual or potential conflicts between the S-VASP, its clients, and affiliated entities;
			II	prohibit employees and officers from participating in transactions where conflicts cannot be effectively managed; and
			III	Ensure disclosure of any conflict to affected clients before execution of a transaction.
		(c)		A S-VASP shall, upon the request of the Authority, promptly submit its Conflict of Interest Policy and all associated documentation and records. The S-VASP shall be obligated to implement any revisions or modifications to the Policy that the Authority, in its discretion, deems necessary for proper regulatory compliance.
Chapter 6: Miscellaneous				
Supervisory Powers of the Authority:	35.			The Authority shall:
			I	Continuously monitor developments in virtual-asset markets and assess emerging risks

			II	Issue circulars or guidance notes for interpretive direction.
			III	Coordinate with other competent authorities for harmonized supervision.
			IV	Publish annual summary reports on regulatory developments and enforcement actions.
Enforcement and Penalties	36.	(a)		The Authority and the Competent Authorities shall have the power to:
			I	conduct inspections, investigations, and supervisory reviews of any Securities Virtual Asset Service Provider (S-VASP) and Virtual Asset Trading Platform (VATP);
			II	require the production of records, documents, and information relating to any virtual asset activity;
			III	enter and inspect premises where virtual asset activities are carried out;
			IV	suspend, revoke, or vary licenses and authorizations issued under this Regulation; and
			V	issue directives, compliance notices, or binding instructions to ensure adherence to this Regulation.
		(b)		Failure to comply with any directive or requirement under this regulation shall constitute a regulatory breach.
		(c)		A person who contravenes this Regulation commits an offence and may be subject to:
			I	Administrative penalties including warnings, reprimands, and monetary fines;
			II	civil penalties including restitution orders, injunctions, or disgorgement of illicit gains;
			III	criminal penalties, including fines or imprisonment, in accordance with the Penal Code and relevant financial crime legislation.
		(d)		Where the breach involves money laundering, terrorism financing, or related illicit activity, the matter shall be referred to the Maldives Monetary Authority, the Financial Intelligence Unit, and law enforcement agencies for further action.
Freezing of Virtual Assets	37.	(a)		The Authority or competent authority may order the freezing or suspension of virtual assets where there is a reasonable suspicion of their involvement in money laundering, terrorist financing, fraud, or other illicit activities.
		(b)		A S-VASP shall promptly comply with any such order and implement related prohibitions on dealing with designated persons or entities as prescribed under AML/CFT laws.

		(c)		The Authority may coordinate with the Maldives Monetary Authority, Financial Intelligence Unit, or international counterparts for execution of freezing measures in compliance with UN or international sanctions frameworks.
Appeals	38.	(a)		Any person aggrieved by a decision of the Authority or Committee may appeal to the CMDA Board within thirty (30) days.
		(b)		The Board shall decide within sixty (60) days.
Cross-border Collaboration	39.			The Authority may enter into memoranda of understanding with foreign regulators for supervision of cross-border virtual assets activities, information sharing, and enforcement cooperation.
Transitional arrangement	40.	(a)		S-VASPs operating in the Maldives prior to the commencement of this regulation may be granted a voluntary pre-licensing period to become compliant with the new regulatory framework.
		(b)		S-VASPs operating during the transitional period must notify the Authority within 60 days of the commencement of this Regulation, failing which they shall be deemed to be operating unlawfully.
		(c)		S-VASPs participating in the Sandbox shall transition to Tier 1 or Tier 2 licensing within six (6) months following successful evaluation and approval by the Authority.
Fees and Charges	41.	(a)		Every person applying for a Securities Virtual Asset Service Provider (S-VASP) license under this Regulation shall pay to the Authority a non-refundable application fee at the time of submission.
		(b)		Upon approval of the license, the licensee shall pay a licensing fee before the license is issued. The license shall not take effect until such fee is paid in full.
		(c)		The Authority shall prescribe, publish, and periodically review the schedule of fees and charges applicable to S-VASPs, including:
			I	Application fees for Tier 1, Tier 2, and Tier 3 licenses;
			II	Renewal fees;
			III	License fees.
		(d)		The Authority may, where deemed appropriate, waive or reduce fees for entities participating in regulatory sandboxes, pilot programs, or other innovation initiatives.
		(e)		The Authority shall ensure transparency by publishing the fee schedule on its official website.
Application of Stipulated Conditions	42.			The conditions stipulated in this Regulation concerning a Securities Virtual Assets Service Provider (SVASP) and a

				Securities Virtual Assets Trading Platform (SVATP) shall apply to both the legal entity (SVASP) and the platform (SVATP), as relevant to their respective functions and operations.
Amendments to these regulations and Commencement	43.	(a)		The Authority may make necessary amendments to this regulation. All amendments will have effect only upon publication in the official gazette.
		(b)		This regulation shall come into effect on the date it is published on the Gazette of Government of Maldives.