

SECURITIES (GENERAL) REGULATIONS 2007

ORIGINAL

(Under section 60(c) of the *Maldives Securities Act (Law No: 02/2006)*)

In exercise of the powers conferred on the Minister of Finance and Treasury by section 60(c) of the *Maldives Securities Act (Law No: 2/2006)*, these Regulations are made this 30th day of December 2007 and amended on 20th July 2009.

PART I PRELIMINARY

Title

1. These Regulations may be cited as the *Securities (General) Regulations, 2007*.

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;

“foreign regulatory authority” means any person or body outside the Republic of the Maldives exercising regulatory functions in relation to securities under a securities law corresponding to the functions of the Authority and in respect of which the Authority considers it desirable and necessary to render assistance in the public interest;

“key person” means any current or former controller, beneficial owner, director, manager, employee or associate of a regulated person;

“licensed person” means a person, including a body corporate licensed or approved under the Act.

“Minister” means the Minister of Finance and Treasury;

“regulated person” means any person who has been granted a license under the *Maldives Securities Act* or an approved or formerly approved stock exchange or interim securities trading facility under the *Maldives Securities Act* or any persons associated with such licensed persons or approved stock exchange or interim securities trading facility.

PART II POWERS OF CAPITAL MARKET DEVELOPMENT AUTHORITY

Power of the Authority to require production of books

3. (a) The Authority may by notice in writing, at any time, where it considers that there is sufficient cause to do so, give a direction to any of the persons referred to in subregulation (b) to produce to a person authorized by the Authority such books and information, subject to subregulation (c), as may be specified in the direction.



- (b) The persons to whom a notice may be given under subregulation (a) are -
 - (i) a regulated person;
 - (ii) a key person;
 - (iii) a person who is or has been an officer or an employee of or an agent, lawyer, auditor or other person acting in any capacity for or on behalf of the stock exchange or a person referred to in paragraphs (i) and (ii);
 - (iv) any other person who has at any time been a party to any dealing in securities; or
 - (v) any other person, including banks and financial institutions licensed by the Maldives Monetary Authority who the Authority believes has possession of any books of the persons in sections (3)(b)(i) to (3)(b)(iv) of this regulation.,
- (c) For the purposes of subregulation (a), books or information which may be the subject of a request to produce shall relate to any of the following matters -
 - (i) the business or affairs of the regulated person;
 - (ii) any dealing in securities;
 - (iii) any advice concerning securities or the issuing or publication of a report or analysis concerning securities;
 - (iv) the integrity, competence, financial standing or organization of any regulated person or key person; or
 - (v) an audit of, or any report of an auditor concerning a dealing in securities or any accounts or records of a regulated person.
 - (vi) The compliance of any regulated person or key person with the *Maldives Securities Act* or any other Act for whose administration the Authority is responsible;
 - (vii) Any information which the Authority may reasonably require by way of explanation of any books which have been requested by the Authority and information on any other matter that the Authority may reasonably require for the performance of its functions.
- (d) No direction to produce shall be made to any person pursuant to subregulation (c)-
 - (i) unless the Authority has reason to believe that the person has in his custody or under his control books relating to a matter specified under subregulation (c) and the direction may be exercised at a time or place that may not unduly interfere with the proper conduct of the normal daily business of that person;
- (e) The Authority may in writing authorize any person to exercise the power to request the production of books conferred on it under this regulation.
- (f) The Authority may require any information provided under this regulation to be provided in such form as it may reasonably require.
- (g) The Authority may require -



- (i) any information provided, whether in a document or otherwise, to be verified in such manner, as it may reasonably require; or
- (ii) any document produced to be authenticated in such manner as it may reasonably require.
- (h) A reference in subregulation (a) to dealing in securities by a person includes a reference to dealing in securities by the person as an agent, nominee, trustee or otherwise on behalf of any other person.
- (i) Where the Authority, or a person authorized by the Authority requires the production of any books under this regulation and a person has a lien on the books, the production of the books does not prejudice the lien.
- (j) An authorized person under subregulation (e) shall where required to do so produce evidence of his authorization.
- (k) No action shall lie against any person for complying with a direction or requirement made or given under this regulation to produce books.
- (l) A power conferred by this regulation to give a direction to a person extends, if the person is a body corporate, to giving that direction to any person who is or has been an officer of the body corporate whether that body corporate is in the course of being wound up or has been dissolved.

Action on production or non-production of the books

- 4. (a) Where the required books are produced under regulation 3 the person to whom they are produced-
 - (i) may take possession of them, make copies of them, or take extracts from them;
 - (ii) may require the other person or any person who was party to the compilation of the books to make a statement providing an explanation of any of the books;
 - (iii) may retain possession of the books for as long as the Authority considers necessary to enable the books to be inspected and copies of or extracts from the books to be made or taken by or on behalf of the Authority; and
 - (iv) shall permit the person who produced them, upon giving a reasonable notice and specification of the books, to have access to them.
 - (v) May instruct an accountant or other expert to examine the books or any of them and report to the Authority, and for that purpose the books may be delivered to the accountant or expert for such examination.
- (b) where the books are not produced, the Authority or the authorized person under regulation 3(e) may require the person who should have produced the books-
 - (i) to state, to the best of his knowledge and belief, where the books may be found;



- (ii) to identify the person who, to the best of his knowledge and belief, last had custody of the books and where he may be found; or
- (iii) to state the reasons why the books cannot be produced.

Power of the Authority to search premises

5. (a) The Authority may, at any time and without prior notice, if it has reason to believe that there are on premises any books the production of which has been directed by the Authority and which have not been produced in compliance with the direction, authorize in writing an officer of the Authority with his assistants and any other person or persons instructed by the Authority as an expert to—

- (i) use such force as is necessary and reasonable to enter any premises that the Authority has reason to believe are premises at which the said books are kept or may be located;
 - (ii) search for the said books and for that purpose break open any cupboard drawer, container or receptacle whether a fixture or not on the premises;
 - (iii) seize or make a copy of such books;
 - (iv) question any person who is present on the premises referred to in paragraph (i), or the directors, officers, members, employees or partners of any person conducting business on the premises as to the location of the books;
 - (v) direct that the premises referred to in paragraph (i) or any part of it shall be left undisturbed for as long as it is necessary to search the premises for any such books;
 - (vi) by notice in writing addressed and delivered to any person who has control over the custody of any such books to the officer of the Authority issuing the notice, at the time and place referred to in the notice; and
 - (vii) examine any such book and seek from any person referred to in paragraph (iv) an explanation regarding any entry in the books.
- (b) The officer of the Authority referred to in subregulation (a) shall, at the request of any person on the premises affected by the entry and performance of functions under this section, exhibit to the person the written authorization referred to in that subregulation.
- (c) No person shall—
- (i) hinder or obstruct an officer under subregulation (a) or persons assisting him in the performance of his functions;
 - (ii) refuse or fail to comply with any request made by an officer of the Authority referred to in subregulation (a) in the performance of the officer's functions;
 - (iii) refuse or fail to answer any questions which the officer of the Authority or any expert instructed by the Authority directs at that person in the performance of that person's functions;
 - (iv) intentionally furnish false or misleading information to an officer



of the Authority or expert instructed by the Authority;

- (v) falsely claim or give himself or herself out to be an officer of the Authority.
- (d) For the purposes of this section "premises" includes any building or structure, or part of a building or structure, whether above or below the surface of the land or water, or any vehicle, vessel or aircraft.

Incriminating statement

- 6. (a) A person is not excused from failing to provide a statement explaining any matter relating to the compilation of any books or any matter requested of him under regulation 4 or 5 on the grounds that statement might tend to incriminate him.
- (b) Notwithstanding subregulation (a) where the person claims before making a statement required of him, that the statement provided in answer to the request shall, if it would in fact incriminate him, not be admissible in evidence against him in any criminal proceedings other than proceedings under regulation 3, 4 or 5.
- (c) Subject to subregulation (b) of this regulation, a statement made by a person in compliance with a requirement under regulation 4 or 5 may be used in evidence in any criminal or civil proceedings against the person.

Penalties

- 7. A person who-
 - (i) without reasonable excuse, refuses or fails to comply with a direction given under regulation 3, 4 or 5; or
 - (ii) knowingly furnishes information or makes a statement that is false or misleading in a material particular for the purposes of regulations 3, 4 or 5; or
 - (iii) without reasonable excuse, obstructs or hinders the Authority or any person in the exercise of a power under regulations 3, 4 or 5 commits an offence and shall be liable on conviction to a fine not exceeding 150,000 (One hundred and Fifty Thousands) Rufiyaa.

Copies of extracts of books to be admitted in evidence

- 8. (a) Subject to this regulation and regulation 10 a copy of or extract from a book relating to a matter specified in subregulation (c) of regulation 3 is admissible as if it were the original book.
- (b) A copy of or extract from a book is not admissible in evidence under subregulation (a) unless it is proved that the copy or extract is a true copy of the book or of the relevant part of the book.
- (c) For the purpose of subregulation (b), evidence that a copy of or extract from a book is a true copy of the book or of a part of the book may be given by a person who has compared the copy or extract with the book or the relevant part of the book and may be given orally or by an affidavit or statutory declaration.



Protecting privileged communication with advocate

9. Nothing in regulation 3, 4 or 5 shall compel an advocate to produce a document that contains a privileged communication made by or to him in his professional capacity or authorize the taking of possession of any such document which is in his possession: provided that, an advocate shall not be entitled under this regulation to withhold the name and address of the person to whom or by or on whose behalf the communication was made.

Secrecy of information

10.

- (a) Subject to subregulations (b) and (c), a person who receives information relating to the business or other affairs of any person –
- (i) under or for the purposes of this Act or any other Act for whose administration the Authority is wholly or partly responsible; or
 - (ii) directly or indirectly from a person who has so received it;
- commits an offence if he or she discloses the information without the consent of the person to whom it relates and (where subparagraph (ii) applies) the person from whom it was received.
- (b) This regulation does not apply to information which at the time of the disclosure is available to the public from other sources, or to information in the form of a summary or collection of information so framed as not to permit information relating to any particular person to be ascertained from it.
- (c) This regulation does not apply to the disclosure of information where that information is disclosed:
- (i) for the purpose of enabling or assisting the Authority or any person acting on its behalf to discharge their functions under this Act, or any other enactment under which they are charged with duties;
 - (ii) by the Authority, or any person acting on its behalf, to a foreign regulatory authority;
 - (iii) with a view to the investigation of a suspected offence, or the institution of any criminal proceedings, whether under this Act or not;
 - (iv) in connection with any other proceedings arising out of this Act;
 - (v) with a view to the institution of, or otherwise for the purposes of, any disciplinary proceedings by a professional body relating to the exercise of professional duties by a member of that body;
 - (vi) by the Authority, or any person acting on its behalf, to the Attorney General or to a police officer or to any other law enforcement agency, being information in the possession of the Authority which may be of assistance to the Attorney General or a police officer or other law enforcement agency in the performance of their duties, provided that the Attorney General or police officer

