

Capital Market Development Authority (CMDA)

**Second Amendment to the Regulation on Registration and Management of Investment
Funds (Regulation Number: 2016/R-57)**

Regulation Number: 2022/R-246

(Unofficial Translation)

The following amendments are to be brought to the Regulation;

1. Add the following definition to Section 2 (a) of the Regulation;

2. (a) ‘Qualified Investors’ shall mean, if the investor is a natural person, to have a net worth of one million rufiyaa or if the investor is a legal entity, to have a net worth of five million rufiyaa, or more.

2. Section 5(b) of the regulation is to be amended as follows;

5. (b) Individuals seeking to register an investment fund shall submit an application using the form provided by the Authority, including the information specified in Appendix 1.

3. Section 21 of the Regulation is to be amended as follows;

21. Registration Fee

(a) An investment fund shall be registered for a fee of MVR 1000 (One Thousand).

(b) An investment fund with only qualified investors as per this regulation shall be registered for a fee of MVR 5000 (Five Thousand).

4. A new section (section 23) to be added following section 22 of the Regulation;

23. Exempt Investment Funds

- (a) Investment funds that meet the conditions mentioned below shall be exempt under subsection (b) of this section.
- (1) Investment funds with only qualified investors, and;
 - (2) The number of investors participating in an investment fund is lower than 2000 (Two Thousand).
- (b) Investment funds that meet the conditions outlined in subsection (a) of this section shall be exempt from the definition of "private investment fund" as set forth in section 2(a), and from the provisions of section 6 and section 17 of this regulation.
- (c) Notwithstanding the exemption of investment funds (formed pursuant to section 23) from being defined as a "private investment fund" under section 2(a), such investment funds shall still be subject to all other applicable provisions of this regulation concerning private investment funds.
- (d) Investors participating in the investment funds referenced in subsection (a) must provide a signed declaration prior to making an investment. The declaration shall include the following terms.
- (1) The investor is a qualified investor under this regulation, and;
 - (2) The investor has adequate knowledge of the investment fund and is well aware of the risks.
- (e) The declaration referred to in subsection (d) shall be retained by the investment fund for as long as the fund remains in existence. These declarations shall be made available to the Authority upon request.
5. The sections of the regulation shall be renumbered in accordance with this amendment.
6. The sections referenced in this regulation must be updated to align with the renumbered sections in the amendment.
7. This regulation shall come into effect on the date of its publication in the Gazette.
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