

DEALER'S/DEALER'S REPRESENTATIVE LICENSE

Regulation No: 02/CMDA/2006

PART I: PRELIMINARY

Title

1. This Regulation may be cited as “Dealer’s/Dealer’s representative’s Licensing Regulation”.

Interpretation

2. In this Regulation, unless the context otherwise requires, any term defined in the Maldives Securities Act 2006 shall have the meaning assigned to it in the Act.

PART II: APPLICATION FOR LICENCES

Applications

3. (a) An Application for a Dealer’s license has to be made to the Authority in the form, prescribed in Schedule 1 (form 1).

(b) An Application for a renewal of a Dealer’s license has to be made to the Authority in the form, prescribed in Schedule 1 (form 2).

(c) An Application for a Dealer’s Representative’s license has to be made to the Authority in the form, prescribed in Schedule 1 (form 3).

(d) An Application for a renewal of a Dealer’s Representative’s license has to be made to the Authority in the form, prescribed in Schedule 1 (form 4).

Criteria

4. (a) An applicant for a Dealer’s license shall be a company, registered under the Companies Act.

(b) An applicant for a Dealer’s Representative’s License should satisfy the following criteria.
 - i. Should be a person above 18 years of age.

- ii. Should not be a person against whom a court order for levy of execution in respect of any of his debts is issued;
- iii. Should not be a person adjudged a discharged bankrupt in any jurisdiction;
- iv. Should not be a person convicted of an offence involving fraud or dishonesty;
- v. Should not have been sentenced to imprisonment for a term longer than 6 months or banishment or house arrest for the same duration within the last 10 years;
- vi. Shall be a person who has completed a brokers training course conducted by the Authority.

Manner of Application

5. (a) An application for a license or renewal of a license with any relevant annexure shall be enclosed in a sealed envelope and lodged with the Authority.

(b) Each application for a dealer's license or renewal of a dealer's license shall be accompanied with:-

- (i) copies certified by a director of the company to be true copies of the last balance sheet and of the last profit and loss account (if any), incorporating the results of the last financial year, and which have respectively been audited by the company's auditors (including every document required by law to be annexed or attached thereto);
- (ii) a copy of the report of the auditors thereon (certified as aforesaid);
- (iii) a certification from a relevant authority attesting to the fact that within the last ten years, the directors of the company have not been convicted of theft or fraud or any other crime involving misappropriation of property belonging to another; and
- (iv) a certification from a relevant authority that a court order for dissolution of the company has not been made, or a receivership arrangement has not been entered.

- (c) Each application for a dealer's representative's license or renewal of a dealer's representative's license shall be accompanied by the broker's certificate issued by the CMDA and the national identification card.

Alteration of facts disclosed in application

6. An applicant for a license shall forthwith give written notice to the Authority of:-
- (i) any proposed alteration to; or
 - (ii) the occurrence of any event which an applicant knows affects or may affect in a material respect, any matter in respect of which information was supplied or, required to be supplied, by him to the Authority in relation to his application, being a proposal or event made or occurring since the lodging of the application and prior to a decision on the application by the Authority.

PART III: APPLICATION FEE, DEPOSITS

Fees

7. (a) An application for a license a license shall be accompanied by a fee of Mrf 500 (Five Hundred Rufiyaa) for a dealer's license application, a fee of Mrf 100 (Hundred Rufiyaa) for a dealer's representative license application.
- (b) An application for renewal of a license shall be accompanied by a fee of MRF250 (Two Hundred and Fifty Rufiyaa) for a dealer's license renewal application, a fee of MRF50 (Fifty Rufiyaa) for a dealer's representative license renewal application

Dealer's deposit

8. (a) An application for a dealer's license shall be accompanied by a deposit of MRF25000 (Twenty Five Thousand Rufiyaa).
- (b) The deposit made under sub section (a) shall be refunded to an applicant immediately where his application for a license is refused, but is not refundable if a license is granted hereunder.

Application of deposit

9. A deposit made under this Regulation may be used by the Authority in such manner as the Authority deems appropriate.

Refusal of application

10. The Authority shall not consider any application made under this Regulation if:
 - i. it is not accompanied by the fees and deposit prescribed;
 - ii. it is incomplete; or
 - iii. it does not comply with the Maldives Securities Act or this Regulation.

PART IV: GRANT OF LICENCES

Grant of a license and Period of its Application

11.
 - (a) The Authority shall consider an application and inform the applicant of its decision within not more than 45 days after the application has been lodged with it provided that where in each instance further information has been required by the Authority, the period of 45 days shall be calculated from the time that the required information is submitted to the Authority.
 - (b) If no decision is made by the Authority within the period stated in subsection (a), the Authority shall forthwith notify the applicant of the reasons for the delay.
 - (c) A license granted under this Regulation shall be valid for the term stated in the grant document until and unless the period stated is revoked or ceases to have effect for any other reason.
 - (d) An application for the renewal of a license shall be made at least three months prior to the expiry of the validity period of the license.

General Conditions

12. It shall be a condition of every license that:-

- (i) the license shall be specific to the applicant and shall not be transferable
- (ii) the holder of the license where it is company shall forthwith give written notice to the Authority of:-
 - (1) any proposed alteration to the Memorandum and Articles of Association of the Company; or
 - (2) the occurrence of any event which affects or may affect in any material respect, any matter in respect of which information was supplied or was required to be supplied to the Authority in the course of the application for that license; and
 - (3) any change in the management staff and change in the directors of the company;
 - (4) a director(s) of the company have been convicted of theft or fraud or any other crime involving misappropriation of property belonging to another; and
 - (5) a court order for dissolution of the company has been made, or a receivership arrangement has been entered.
- (iii) the holder of the license shall comply with any directions which may be given by the Authority in respect of a proposed alteration or occurrence of the event notified to the Authority pursuant to subparagraph (ii);
- (iv) a licensee shall not carry on, or hold himself out as carrying on, any securities business other than that permitted by the license and from the premises specified in the license;
- (v) a licensee shall communicate to the Authority notices which are required by it in the forms set out in Schedule 2;
- (vi) the holder of a Dealer's license thereof shall at all times meet the requirements relating to net capital and liquidity margin prescribed in this regulation in respect of his business of dealing in securities; and

- (vii) the holder of a Dealer's Representative's license shall start representing a dealer licensed under this regulation within 30 days of issue of license.

PART V: FINANCES

Paid Up Capital and Net capital

- 13. (a) An applicant for a dealer's license shall have a paid up capital of not less than MRF250000 (Two Hundred and Fifty Thousand Rufiyaa). A dealer shall have and at all times provide and maintain in his business as a dealer, a net capital of not less than MRF 100000 (Hundred Thousand Rufiyaa).
- (b) For the purposes of this Section, the expression "net capital" means the sum total of approved assets less approved liabilities of a dealer, "approved assets" means assets approved by the Authority and "approved liabilities" means liabilities approved by the Authority.

Liquidity margin

- 14. (a) A dealer shall at all times in his business as a dealer maintain a minimum liquidity margin of MRF 50000 (Fifty Thousand Rufiyaa).
- (b) If 5% of the average daily purchases of a licensee in the preceding month was more than MRF 1000 (One Thousand Rufiyaa) the liquidity margin for the incumbent month shall be increased in equivalent blocks of MRF 1000 (One Thousand Rufiyaa).
- (c) An increase in the liquidity requirement shall be introduced by a licensee within 5 working days of notification of increase.
- (d) Reductions if any in the liquidity requirement shall be effected following review and refunds shall be made within the first 5 working days of each month.
- (e) The minimum liquidity requirement of MRF 50,000 shall be deposited with the Authority as a cash deposit. The Authority shall invest these funds in bank fixed deposits and pay interest on these funds annually less an administrative charge.

Notification

15. If a dealer becomes aware of his inability to comply with the minimum net capital or liquidity margin requirements, he shall forthwith:-
- (i) notify the Authority; and
 - (ii) cease dealing in securities otherwise than for the purpose of giving effect to any agreement or arrangement entered into before the time when he becomes so aware.

PART VI: MISCELLANEOUS

Replacement of license

16. Where the Authority is satisfied that a license has been inadvertently lost, destroyed or defaced, the Authority shall replace the license on payment by the licensee of a fee of MRF100 (Hundred Rufiyya)..

Display of licenses

17. (a) Every holder of a license granted under this Regulation shall display his license at all premises in which he transacts with the public the securities business authorised by the license.
- (b) The requirement in subsection (a) shall not be satisfied unless the license is displayed in such a manner as to be readily visible to the public.

Amendments

18. Amendments to this regulation can be brought by a meeting of the Board.

SCHEDULE 1

Form 1

APPLICATION FORM FOR DEALER'S LICENCE

INFORMATION ON THE APPLICANT:

1. (a) Name of applicant:

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(b) Registered office:

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(c) Full address and telephone number of the principal place at which the business of the applicant is to be carried on:

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(d) The authorised and paid-up capital of the applicant:

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(e) The details of shareholders of the applicant, including the name address, amount of shares being held and date of acquisition:

Name	Address	Number of shares	Date of acquisition of shares

(f) Details of each director and secretary of the Company:

Name:.....
Residential Address.....
Date of Birth:
Date of appointment:
Office held:
Educational qualifications:

Name:.....
Residential Address.....
Date of Birth:
Date of appointment:
Office held:
Educational qualifications:

Name:.....
Residential Address.....
Date of Birth:
Date of appointment:
Office held:
Educational qualifications:

2. (a) Brief summary of the Nature of the principal business of the applicant and proposed activities to be undertaken:

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(b) Describe in detail the organisational structure and internal control procedures which the applicant has adopted or proposes to adopt for its proposed business.

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3. Name and address of each person who, directly or indirectly, exercises or has power to exercise a controlling influence over the management and policies of the applicant other than those shown as directors:

Full Name	Adress

4. Is any director or secretary of the applicant a director of any other corporation?

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If the answer is YES” give details of:

Name(s) of company	Place of Incorporation	Office held	Date of appointment

5. Has the applicant or any director or secretary of the applicant within the past 10 years:-

(a) been licensed or registered in any place under any law which requires licensing or registration in relation to dealing in securities? If answer is “YES” give details thereof:

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(b) been licensed, registered or otherwise authorised by law to carry on any trade, business or profession in any place? If answer is “YES” give details thereof:

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- (c) been refused the right or restricted in its or his right to carry on any trade, business or profession for which a specific license, registration or other authority is required by law in any place? If answer is “YES” give details thereof:

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- (d) been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange? If answer is “YES” give details thereof:

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- (e) been refused membership of any securities exchange? If answer is “YES” give details thereof:

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6. Has any director or secretary of the applicant within the past 10 years:-

- (a) been known by any name other than the name or names shown in this application? If answer is “YES” give details thereof:

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(b) been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction? If answer is "YES" give details thereof:

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(c) had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Maldives or elsewhere? If answer is "YES" give details thereof:

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(d) been declared bankrupt or compounded with or made an arrangement for the benefit of his creditors, in Maldives or elsewhere? If answer is "YES" give details thereof:

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(e) been engaged in the management of any corporation other than those referred to in answer to question 4? If answer is "YES" give details thereof:

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- (f) been disqualified as a director, or been director of a company that has gone into receivership or liquidation, in Maldives or elsewhere? If answer is "YES" give details thereof:

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7. Has any director or management staff of the applicant had any experience in performing the functions in this area? If answer is "YES" give details thereof:

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8. In relation to each director and secretary of the applicant, set out below details of the officer's employment and business activities, during the previous 5 years:

Name of Director or secretary	Name and address of employer (if self-employed, so state)	Nature of business or activity	Description of duties in relation to the employment	Period of employment or activity (give exact dates)

9. Set out any additional information (including any formal qualifications or training of the directors or secretary of the applicant and the name of the institution that conducted the course) considered relevant to this application.

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10. Set out below details of two persons with whom each director and the secretary of the applicant has had regular contact over the past 5 years and of whom the Authority may enquire regarding the character and reputation of the respective director or secretary.

Name of character referee	Address of character referee	Occupation of character referee	Name of director or secretary in respect of whom enquiries may be made

Note:

- (1) If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
- (2) This application must be accompanied by a last audited balance-sheet and profit and loss account certified as required under this Regulation.
- (3) The application form must be signed by all the Directors and Company Secretary of the Company.

Declaration:

We are aware of the provisions of section 32 of the Maldives Securities Act relating to false statements in applications.

Number	Name of Director/Company Secretary	Signature	Date

Form 2

APPLICATION FORM FOR RENEWAL OF DEALER'S LICENCE

Application is hereby made for the renewal of a Dealer's license in respect of:

1 (a) Applicant's name:

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(b) Expire date of license:

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(c) License No:

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2. Complete the following: (Answer "Yes" or "No" in space provided. If the answer is "Yes", give in detail all relevant particulars in the space provided).

(a) Since the last application:-

(i) Has there been a change in the shareholders of the applicant?

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(ii) Has there been a change in the applicant's directors, secretary, senior management personnel or external auditor?

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(iii) Has the applicant been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction?

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(iv) Has the applicant or any of its directors or its secretary been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange?

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(v) Have any of the applicant's directors been a director of any company other than those referred to in the last application?

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(vi) Has the applicant taken any disciplinary action against any of its representatives?

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(vii) Has the applicant received any complaint?

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3. Has any director or secretary of the applicant within the past 10 years:-

(a) been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange? If answer is "YES" give details thereof:

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(b) been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction? If answer is "YES" give details thereof:

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(c) had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Maldives or elsewhere? If answer is "YES" give full details, including whether judgment is unsatisfied or not:

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(d) been declared bankrupt or compounded with or made an assignment for the benefit of his creditors, in Maldives or elsewhere? If answer is "YES" give details thereof:

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(e) been engaged in the management of any company other than those referred to in the last application? If answer is "YES" give details thereof:

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(f) been disciplined by any professional body or other membership body? If answer is "YES" give details thereof:

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4. We are aware of the provisions of section 32 of the Maldives Securities Act relating to false statements in applications.
5. We declare that all information given in this application and in the attached annexure (if any) is true and correct.

Number	Name of Director/Company Secretary	Signature	Date

Note:

- (1) If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
- (2) This application must be accompanied by a last audited balance-sheet and profit and loss account certified as required under this regulation.
- (3) The application form must be signed by all the Directors and Company Secretary of the Company.

Form 3

**APPLICATION FORM FOR BROKER'S/DEALER'S REPRESENTATIVE'S
LICENCE**

INFORMATION ON THE APPLICANT:

1. (a) Name:

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(b) Permanent Address/Present Address:

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(c) Age:

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(d) Nationality:

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(e) Contact Details:

Telephone Number:

Mobile Number:

Email address:

(f) Details of Broker's Examination completed:

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2. Full particulars of Licensed Dealer Applicant intends to represent:

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3. Has the applicant within the past 10 years:-

(a) been licensed or registered in any place under any law which requires licensing or registration as a broker? If answer is "YES" give details thereof:

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(b) been licensed, registered or otherwise authorised by law to carry on any trade, business or profession in any place? If answer is "YES" give details thereof:

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(c) been refused the right or restricted in its or his right to carry on any trade, business or profession for which a specific license, registration or other authority is required by law in any place? If answer is "YES" give details thereof:

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(d) been suspended from acting as a broker in any jurisdiction or been otherwise been disciplined by a securities exchange or any other regulatory authority? If answer is "YES" give details thereof:

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(e) been refused a broker's license in any other jurisdiction? If answer is "YES" give details thereof:

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4. Has the applicant:

(a) been known by any name other than the name or names shown in this application? If answer is "YES" give details thereof:

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(b) been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction? If answer is "YES" give details thereof:

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(c) had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Maldives or elsewhere? If answer is "YES" give details thereof:

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(d) been declared bankrupt or compounded with or made an arrangement for the benefit of his creditors, in Maldives or elsewhere? If answer is “YES” give details thereof:

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Declaration

I am aware of the provisions of section 32 of the Maldives Securities Act relating to false statements in applications.

I declare that all information given in this application and in the attached annexure (if any) is true and correct.

Note:

- (1) If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
- (2) This application must be accompanied by the Identity Card and the brokers Certificate.

Form 4

**APPLICATION FORM FOR RENEWAL OF BROKER'S/DEALER'S
REPRESENTATIVE'S LICENCE**

Application is hereby made for the renewal of a Broker's/Dealer's Representative's license in respect of:

1 (a) Applicant's name:

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(b) Expiry date of license:

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(c) License No:

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2. Complete the following: (Answer "Yes" or "No" in space provided. If the answer is "Yes", give in detail all relevant particulars in the space provided).

(a) Since the last application:-

(i) Has the applicant been convicted of any offence other than a traffic offence in Maldives or elsewhere or are there any proceedings now pending which may lead to such a conviction?

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(ii) had judgment including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Maldives or elsewhere? If answer is “YES” give details thereof:

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(iii) been declared bankrupt or compounded with or made an arrangement for the benefit of his creditors, in Maldives or elsewhere? If answer is “YES” give details thereof:

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(iv) Has the applicant been disciplined by a Dealer or the Authority?

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(v) Has the applicant received any complaint by a client?

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Declaration

I am aware of the provisions of section 32 of the Maldives Securities Act relating to false statements in applications.

I declare that all information given in this application and in the attached annexure (if any) is true and correct.

Date this..... day

of..... .20.....

Signature.....

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Name of Applicant

Note:

- (1) If space is insufficient to provide details, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
- (2) This application must be accompanied by a last audited balance-sheet and profit and loss account certified as required under this regulation.

Schedule 2

FORM 5

NOTICE OF CHANGE OF PLACE OF BUSINESS

1. Name of licensee:

2. Type of license held and license number:

3. (a) Former address of place of business:
(b) New address of place of business:
(c) Date of change of place of business:

Dated this..... Day

of..... 20.....

Signature:.....

Name:.....

Capacity:.....

FORM 6

**NOTIFICATION OF CHANGE OF PLACE WHERE REGISTERS PERTAINING
TO THE DIFFERENT ACTIVITIES OF THE BUSINESS ARE KEPT**

- 1 Name of licensee:
2. Type of license held and license number:
3. (a) Former address of place where register was kept:
(b) New address of place where register is kept:
(c) Date of change of place where register is kept:

Dated this:..... Day
Of.....20.....

Signature:.....

Name:.....

Capacity.....

FORM 7

NOTIFICATION OF CESSATION OF BUSINESS

- 1 Name of licensee:
2. Type of license held and license number:
3. Notice hereby given that on the.....day
of.....20.....

..... business ceased to be carried on in Maldives by the above licensee
No: in respect of which license was granted.

Dated this:..... Day
Of.....20.....

Signature:.....
Name:.....
Capacity.....

FORM 8

NOTIFICATION OF CESSATION OF REPRESENTING DEALER

- 1 Name of Licensee:
2. License No:
3. Notice hereby given that on the.....day
of.....20.....

Have ceased to be represent

Dated this:..... Day
Of.....20.....

Signature:.....

Name:.....

FORM 9

NOTIFICATION OF RESUMPTION OF REPRESENTING DEALER

- 1 Name of Licensee:
2. License No:
3. Notice hereby given that on the.....day
of.....20.....

started to be represent

Dated this:..... Day
Of.....20.....

Signature:.....

Name:.....