



Enabling Environment For Fund Structures in Maldives

Capital Market Development Authority

Regulation on Registration of Investment Funds (2015/R-57)



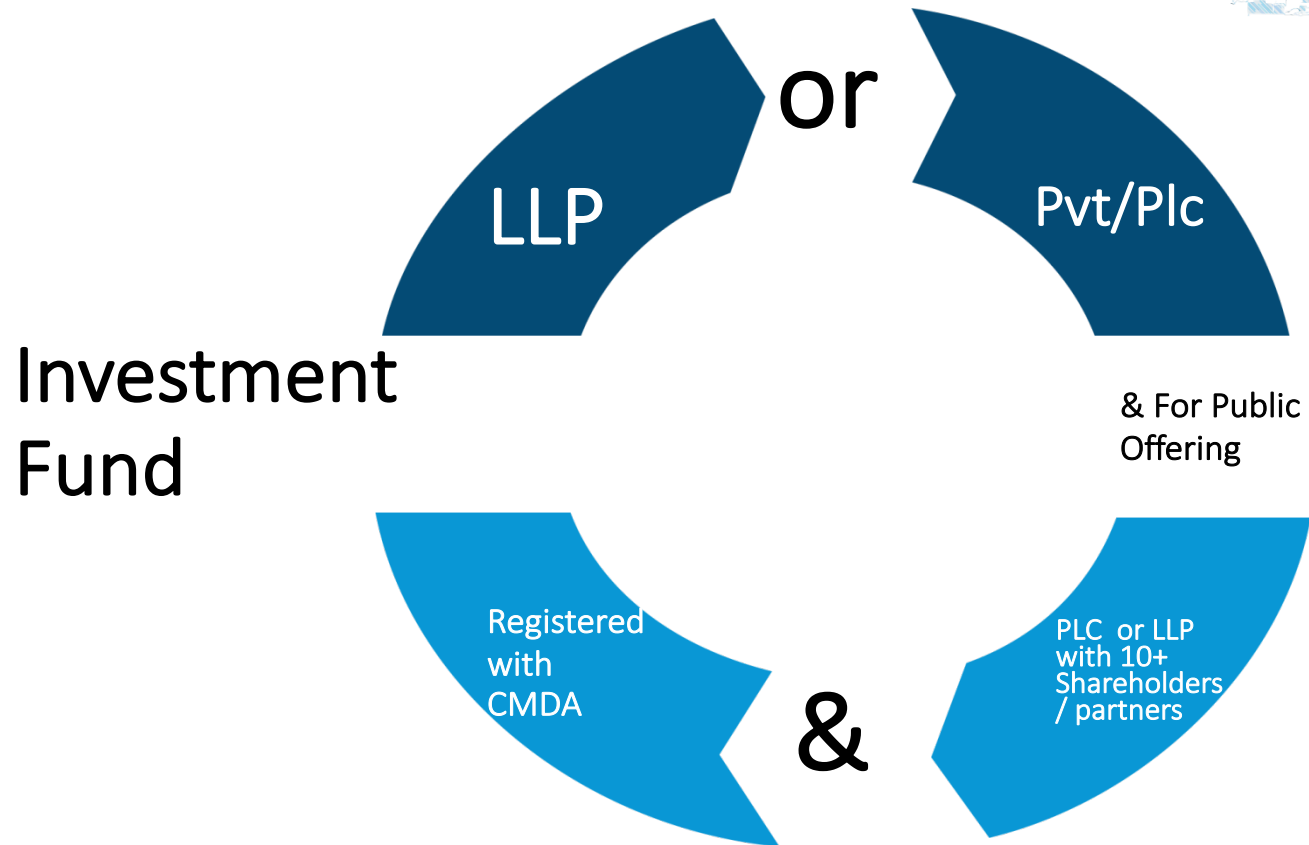
- Enacted under Maldives Securities Act (2/2006).
- Regulatory framework for establishment & management of investment funds.
- An Investment Fund is created for the sole purpose of collecting subscriptions from subscribers, for the purpose of investing in securities and other assets and for providing a return on investments.

Investment Fund Excludes

- A holding company formed for the purpose of owning shares/controlling interests.
- A licensed securities dealing company.
- Banks, Insurance companies and leasing companies.
- Parties primarily engaged in the business of goods and services.
- General Partnerships.



Legal Form



Documents Required for Registration



Company or
partnership
registration
copy

Fund Charter

Agreement with
Investment
Adviser (fund
manager)

Agreement with
custodian
(if any)

Letter of
appointment
and letter of
acceptance of
investment
adviser and
custodian

Prospectus (in
case of a public
offer)

Registration Fee
of MVR 1000/-

Fund Charter



- Memorandum and Articles of Company or Partnership Agreement.
- Constitution documents governing formation and management of fund.
- Shareholders Agreement ; and
- Documents that govern the investments of the fund.

Fund Charter

- Name, nature & duration of fund.
- Fund structure.
- Investment objectives, investment principles & procedures.
- Investment adviser, fund management mechanism.
- Appointment of custodian (if any).
- Share or unit transfer mechanism.
- Distribution of profits or dividends.
- Disclosure requirements.
- Portfolio requirements (types of assets, ownership limits)

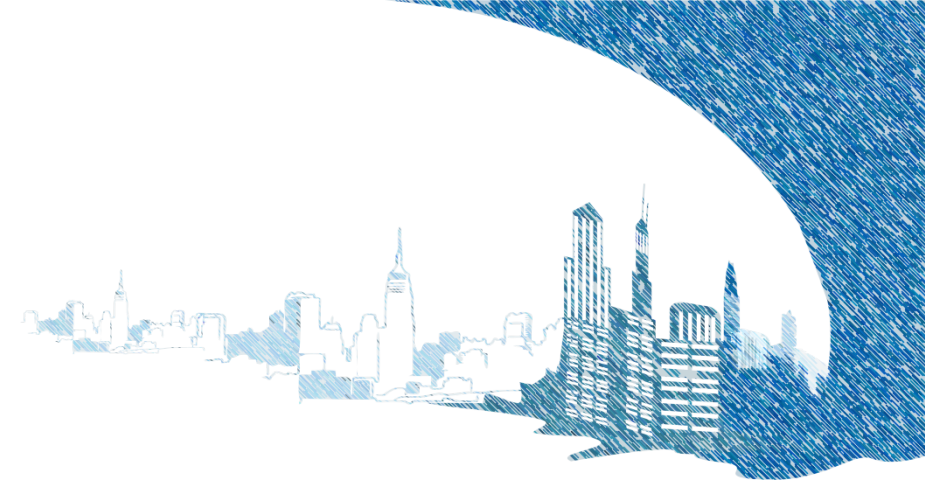


Subscriptions



- Money paid in consideration for a share or a unit of an investment fund.
- If a custodian is appointed: subscriptions should be paid into an account of custodian designated for the purpose.
- Shares of investment fund shall be allocated only upon full payment for those shares.
- Private Investment Funds: submit details of subscribers to CMDA, within 03 days from date of subscription.

Prohibited Investments



Investments in securities issued by:


- Investment adviser.
- Persons or members who make investment decisions relating to the fund.
- Members of the Board of Directors.
- Auditor.
- Any shareholder of the fund that holds 5% or more of the funds shares, except for listed securities.
- Promoters or advertisers of the fund.

Investment Adviser

- A person or persons who ;
 - (1) carries on business of advising others concerning securities; or
 - (2) as a part of a regular business, issues or publishes analysis or reports concerning securities; or
 - (3) Pursuant to a contract or arrangement with a client, undertakes on behalf of the client management of a portfolio of securities for the purpose of investment.

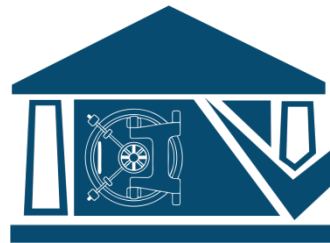
[Securities Act (2/2006)]



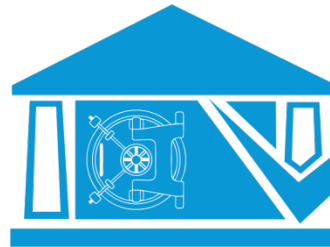
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- Licensed under Regulation on Investment Advisers (R-374/2014).
 - Individuals or corporate entities.
 - Corporates require representatives to be licensed.
 - Individuals and representatives are required to sit a licensing examination set by CMDA .
 - If an Investment Fund portfolio exceeds MVR 5,000,000 (five million), fund manager (adviser) should be a person licensed by CMDA.
 - Investment advisers in other instances are required to be registered with CMDA.

Custodian

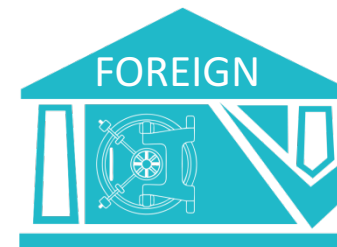
- A person or persons acting for or by arrangement with a customer who performs custodial services on behalf of the customer which includes safekeeping of assets.
- Licensed under Regulations on Institutions Providing Custodial Services (2010).
- Following financial institutions qualify:



BANK/FINACIAL INSTITUTUIONS
licensed by MMA



BANK/FINACIAL INSTITUTUIONS
licensed by CMDA



BANK/FINANCIAL
INSTITUTIONS

- licensed by a foreign regulator.
- registered and operating under Companies Act.
- custodial business 3+ years.

Custodian Functions



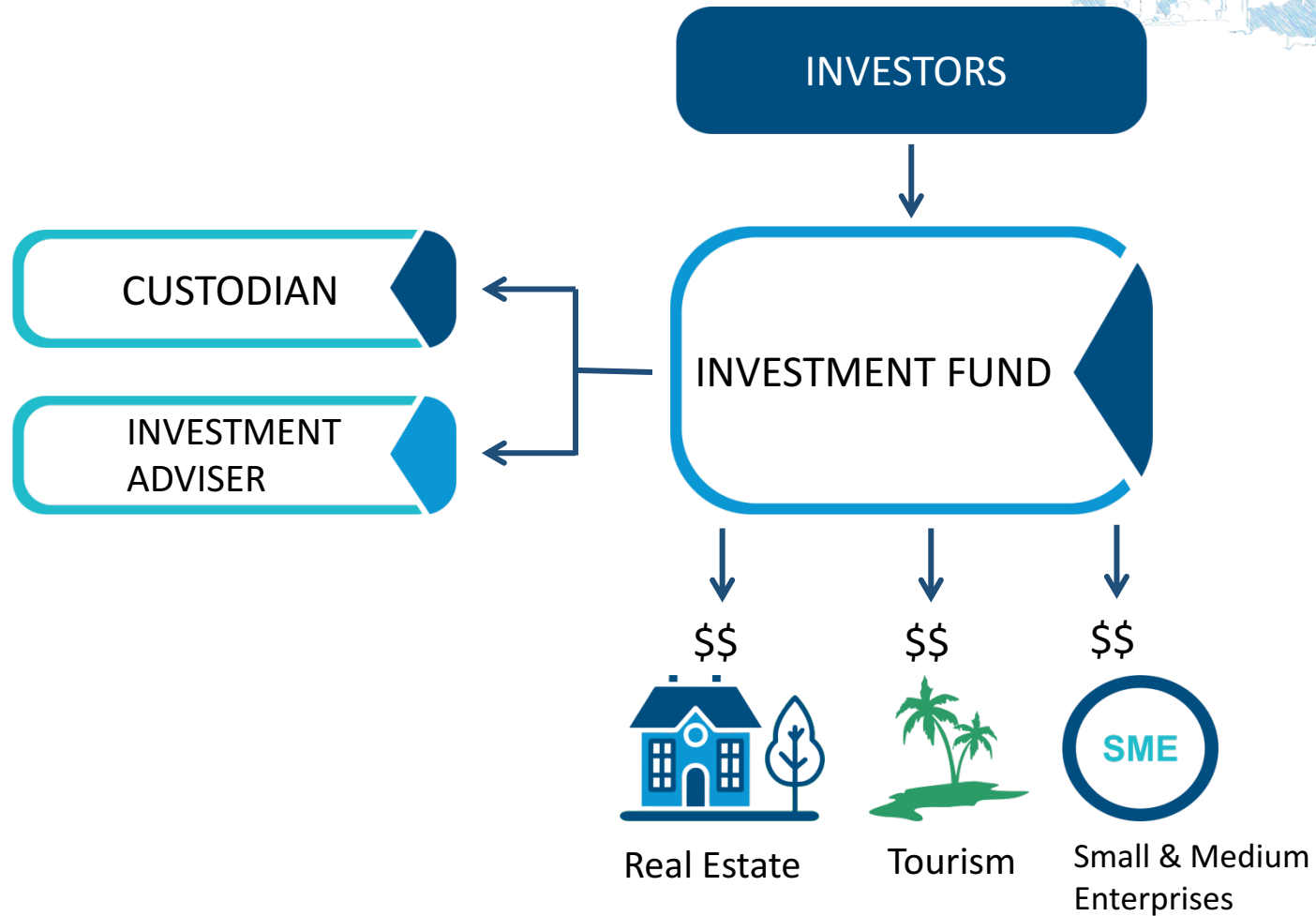
- Acting in interest of investors.
- Holds custody of assets.
- Ensure fund management in accordance with laws, regulations & fund charter.
- Acts in accordance with advise of investment adviser, unless advise is in conflict with regulation & fund charter.
- Notify breaches and omissions by investment adviser to CMDA.
- Liable to investors & investment adviser for any loss suffered as a result of breach of relevant laws & regulations.

Fund Disclosures



- Public offer (50+ members): disclosure in accordance with Continuing Disclosure Obligations for Issuers (2011/R-10).
- No Custodian: a report on investments of fund need to be submitted to CMDA every 06 months.
- Private Funds: Fund charter to prescribe disclosure rules.
- Publication of financial statements within every 06 months, or during period specified in Fund Charter (whichever is the shorter period).
- Public Investment Funds: publish net asset value of the fund.

Investment Fund Structure





Thank You!