

MALDIVES MONETARY AUTHORITY

# General FAQs Regarding the Regulation on Money Changing Business (No. 2024/R-92)

In this FAQ you will find answers to commonly asked questions regarding the Regulation on Money Changing Business.

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**Q1: When did the newly introduced Money Changing Business Regulation come into effect?**

The new regulation came into effect on 1st October 2024. With the implementation of the new regulation (2024/R-92), the previously enforced “Regulations Outlining Arrangements for Money Changers (1987)” has been repealed.

**Q2: How should the existing money-changing license holders proceed if they wish to continue their money-changing business after the new regulation comes into effect?**

- With the implementation of the new regulation, if the entities currently conducting money changing business in the Maldives with a license issued by this Authority wish to continue their money changing business, must apply to this Authority for either a Tier 1 Money Changing License or a Tier 2 Money Changing License within 2 (two) months from the date the new regulation came into effect.
- If an application for a license is not submitted within this period, the existing license issued to that entity will be cancelled on the date this period expires. Applications for licenses should be submitted through the License Application Form via <https://extranet.mma.gov.mv/money-changers>. The existing license shall remain valid until the MMA decides to grant or deny the license to the applicant.

**Q3: What is considered foreign currency?**

Any currency other than Maldivian Rufiyaa is considered a foreign currency under this regulation.

**Q4: How to apply for renewal of the Money Changer License issued under this regulation when its term (5 years) expires?**

If a holder of a Money Changing License wishes to renew their license, they must submit a renewal application to this Authority, three months prior to the expiration of the license. However, the Authority may accept applications submitted after this period (before the license expires) if submitted with a reasonable justification. The Authority may decide to accept such applications with an additional fee.

**Q5: Are Money Changer License holders required to maintain a security deposit?**

Every licensed entity must maintain a security deposit of USD 50,000 (fifty thousand) with the Authority before commencing business operations under the license. This deposit is refundable upon cancellation/expiration of the license.

**Q6: How many new licenses will be issued under the new regulation?**

Under this regulation, new licenses are to be issued to a total of no more than 50 entities. If the number of new license applicants exceeds this number, the licensees will be determined by a draw among the qualified parties.

**Q7: What types of businesses are included in the money-changing business as defined in Article 5 (f) of this regulation?**

- The money changing business as defined in this article includes two types of businesses. They are (1) foreign currency buying and selling business, and (2) foreign currency selling business.
- In the foreign currency buying and selling business, buying and selling of foreign currency can be carried out. As for the foreign currency selling business, only selling of foreign currency can be carried out.
- Foreign currency buying and selling transactions conducted by a business that earns income in foreign currency with its related parties are not considered as money-changing business. Here, the related parties are considered to be the following:

- a) A person with more than 25% shares of the business
- b) A partnership in which one of the partners owns more than 25% shares in the business
- c) If such a business is a partnership, companies of which a partner of that partnership owns more than 25% shares
- d) The following persons within the corporate group of that business:
  - (i) Companies of which such business owns more than 25% shares (subsidiary companies)
  - (ii) A person with more than 25% shares of that company (owner)
  - (iii) Other companies in which the person specified in (ii) owns more than 25% shares (sister companies)
  - (iv) Other companies in which the companies specified in (iii) own more than 25% shares (subsidiary companies of sister companies)

## **Tier 1 Money Changer License**

### **Q8: What is a Tier 1 Money Changer License?**

A Tier 1 Money Changing License is a license issued by the MMA for conducting foreign currency buying and selling business.

### **Q9: Who can apply for a Tier 1 Money Changer License?**

- Companies established under the Companies Act (7/2023) for buying and selling foreign currency can apply for a Tier 1 License.
- Only one company within a corporate group can apply for a Tier 1 License. Corporate groups that include government-owned companies are exempt from this.

### **Q10: Do parties wishing to apply for a Tier 1 Money Changer License need to incorporate a new company under the Companies Act (7/2023), specifically for buying and selling foreign currency?**

Yes. However, an application for a money changer license can be submitted with the information of the proposed company that is intended to be incorporated. Once the Authority decides to issue the license to the applicant, the company must be registered as per the proposed information provided in the license application form.

### **Q11: What is the duration of a Tier 1 Money Changer License?**

5 years.

### **Q12: What is the application fee for a Tier 1 Money Changer License?**

- When applying for a Tier 1 Money Changing License, an application fee of MVR 20,000 (Twenty Thousand) must be paid to the Authority.
- Entities that are currently conducting money changing business in the Maldives with a license issued by the Authority should pay an application fee of MVR 10,000 (Ten Thousand) to the Authority when applying for a Tier 1 Money Changer License.
- When applying for renewal of a Tier 1 Money Changing License, an application fee of MVR 10,000 (Ten Thousand) must be paid to the Authority.

### **Q13: Who can be employed in a business with a Tier 1 Money Changer License?**

All employees working in a business with a Tier 1 Money Changing License must be Maldivian citizens.

**Q14: How much is the annual fee payable by Tier 1 Money Changer License holders?**

Every holder of a Tier 1 Money Changing License must pay an annual fee of MVR 24,000 (Twenty-Four Thousand) to the Authority within a period specified by the Authority every year.

## **Tier 2 Money Changer License**

**Q15: What is a Tier 2 Money Changer License?**

A Tier 2 Money Changing License is a license issued by the MMA solely for the business of selling foreign currency.

**Q16: Who can apply for a Tier 2 Money Changer License?**

Entities that have been granted permission or a license to operate a tourist resort under Law No. 2/99 (Maldives Tourism Act) can apply for a Tier 2 Money Changer License.

**Q17: What is the duration of a Tier 2 Money Changer License?**

The duration of a Tier 2 Money Changing License is the same as the duration of the permission or license granted to the licensee to operate a tourist resort under Law No. 2/99 (Maldives Tourism Act).

**Q18: What is the application fee for a Tier 2 Money Changer License?**

- When applying for a Tier 2 Money Changing License, an application fee of USD 1,300 (one thousand three hundred) must be paid to the Authority.
- Entities that are currently conducting money changing business in the Maldives with a license issued by the Authority should pay an application fee of MVR 10,000 (Ten Thousand) to the Authority when applying for a Tier 2 Money Changer License.
- When applying for renewal of a Tier 2 Money Changing License, an application fee of 650 (six hundred and fifty) US dollars must be paid to the Authority.

**Q19: How much do Tier 2 Money Changer License holders have to pay as an annual fee?**

Every entity with a Tier 2 money changing license must pay an annual fee of USD 1,800 (one thousand eight hundred) to the Authority within a period specified by the Authority every year.

**Q20: Do entities licensed to operate tourist resorts under Law No. 2/99 (Maldives Tourism Act) need to obtain a Tier 2 license for business transactions?**

Entities licensed to operate tourist resorts under Law No. 2/99 (Maldives Tourism Act) are permitted to buy and sell foreign currency without a license from tourists entering the Maldives on tourist visas. However, if they wish to sell foreign currency to any other party, they must obtain a Tier 2 license.