

**THE COMPANIES ACT OF
REPUBLIC OF MALDIVES**

Act No: 10/96

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1. Introduction and name

- a. This is the law governing the formation, registration and management of companies in the Republic of Maldives.
- b. This law shall be cited as the “The Companies Act of the Republic of Maldives”

2. Formation of companies

Companies in the Maldives shall be formed and managed in the manner prescribed in this Act.

3. Private companies and public companies

- a. Any two or more persons may as prescribed in this, Act having the liability of its members limited form a private company. A private company is a company whose memorandum and articles of association states that it is a private company, and that shares may only be transferred in accordance with its articles of association and the number of member of the company is limited to fifty and the sale of shares to the public is prohibited by the articles of association.
- b. Any ten or more persons, may in accordance with this Act having the liability of its members limited form a public company. A public company is a company whose memorandum and articles of association states that it is a public company and can sell shares to the public in accordance with this Act.

4. Memorandum and articles of association

Every company shall have a memorandum and articles of association which shall contain the names of the persons forming the company and shall be signed by them in the presence of two witnesses who shall also sign the same.

5. Contents of memorandum

The memorandum of every company must state:

- a. the name of the company.
- b. whether the company is a private company or a public company.
- c. the registered office of the company.

- d. the objects of the company.
- e. the liability of the members.
- f. the authorised capital of the company and the manner in which it is to be procured.

6. Contents of the articles

- a. The articles of association of every company must prescribe, in accordance with this Act regulations for the company.
- b. The articles of association of every private company must state:
 - 1. it cannot sell shares to the public.
 - 2. shares of the company may only be transferred to a party approved by the Board of Directors in accordance with the articles.
 - 3. the number of shareholders of the company is limited to fifty.

7. Registration

- a. The persons forming a company shall submit to the registrar of companies the memorandum and articles of association together with the registration fee and the annual fee specified in the schedule of this act. The company shall be registered if the contents of the memorandum and articles of association do not contravene the Islamic principles or this Act or any other law.
- b. Every company registered under this Act shall pay the annual fee specified in the schedule of this Act. If a company fails to pay the annual fee specified in the schedule the registrar of companies reserves the right to take the necessary steps stipulated in this Act to dissolve the company.

Registration of private companies

- c. A private company shall be registered if the company's memorandum and articles of association states that it is a private company and if the authorised capital of the company stipulated in the memorandum and articles of the company is not less than MRF 2,000/- and the articles of association states that the company's shares may only be transferred from a member to another person in accordance with the articles of association and the memorandum and articles of association limits the membership

of the company to fifty and prohibits the sale of shares to the public.

Registration of public companies

- d. A public company shall be registered if the persons forming the company agree to buy shares of at least MRF 1,000,000/- in value and pay the said money to the company and submit to the registrar of companies evidence of the payment.
- e. If a company is registered having paid the registration fee as prescribed in subsection (a) of this section subsequently increases the authorised capital then the company shall pay the fee for the increase in the proportion stipulated in the schedule.

8. Certificate of incorporation

The registrar of companies shall upon registration of the company in accordance with Section 7 of this Act issue to the company a certificate that the company is incorporated.

9. The registrar of companies reserves the right to call upon changes to memorandum and articles of association of the company delivered to him, to comply with the Act.

10. Company names

- a. The name given to a company shall be a name acceptable to the registrar of companies. If the registrar of companies feels that the proposed name is unacceptable he will not register it.
- b. The name of every company shall end or bear as a part of the name the word "Limited" or its abbreviation "Ltd".
- c. The name of every private company must end with the word "Private" or its abbreviation "Pvt".
- d. The name of every public company must end with the word "Public" or its abbreviation "Plc".
- e. Every company shall have its name displayed in Dhivehi outside its place of business.

- f. The name of the company and its registration number shall appear on all documents specified by the regulations promulgated under this Act.

11. Change of name

A company may by special resolution change its name.

12. Calling for change of name

Where a company has been registered by a name which in the opinion of the registrar of companies is unacceptable the registrar of companies reserves the right to direct the company to change its name. If the registrar of companies so directs the company must change its name within 21 days from the date of direction.

13. Registration of a new name

The registrar of companies shall, upon being informed by a company that it has changed its name in accordance with either section 11 or 12 of this Act, and if he finds the new name acceptable, issue a certificate in the new name, and the change of name has effect from the altered certificate is issued.

14. Effect of change of name

A change of name by a company under section 11 or 12 of the Act does not effect any rights or obligations of the company or render defective any legal proceedings by or against it

15. Effect of registration

- a. The company upon registration shall become a legal entity distinct from its members by the name contained in the memorandum of association capable of forthwith exercising all the powers and functions specified in its memorandum and articles of association and of suing and being sued and having a perpetual succession and a common seal with the power to hold movable property and immovable property as is permitted by law.
- b. The memorandum and articles of association of a company, when registered, bind the company and its members to the same extent as if

they respectively had been signed by each member, and contained covenants on the part of each member to observe all the provisions of the memorandum and of the articles.

16. Register of members

- a. The company upon registration shall become a legal entity distinct from its members by the name contained in the memorandum of association capable of forthwith exercising all the powers and functions specified in its memorandum and articles of association and of suing and being sued and having a perpetual succession and a common seal with the power to hold movable property and immovable property as is permitted by law.
- b. Every person whose name appear in the registry stated in sub-section (a) of this section shall be a member of the company

17. List of members

Every company shall deliver to the registrar of companies a list of its members within thirty days of its annual general meeting.

18. Liability of the members

- a. A statement in the memorandum of a company stating that the liability of its members is limited shall mean that the liability of its members is limited for all purposes to the amount, if any, unpaid on the shares respectively held by them and shall when the memorandum and articles of association are registered, for all legal purposes have effect accordingly.
- b. In the event a limited liability company is wound up every member of the company shall be liable to contribute to the assets of the company only to the extent of the amount unpaid, if any, on the nominal value of his shares.

19. Alterations of memorandum and articles of association

Subject to the provisions of this Act, and in accordance with the articles of association, a company may with prior approval of the registrar of companies

alter its memorandum and articles of association by a special resolution at a general meeting.

20. **Private company becoming public**

- a. A private company may be re-registered as a public company if a special resolution that it should be so re-registered is passed, and an application for re-registration is delivered to the registrar of companies and the company is re-registered as a public company in accordance with this Act.
- b. The application for re-registration of a private company to a public company delivered to the registrar of companies shall contain the following:
 1. the special resolution passed by the private company to become public.
 2. the special resolution passed by the company to make such alterations in the memorandum and articles as are necessary to bring them into conformity with the requirement of this Act.
 3. the memorandum and articles of association of the company after bringing them into conformity with the memorandum and articles of association of a public company as prescribed in this Act.
 4. the prospectus.
- c. If an application to re-register a private company to a public company is delivered to the registrar of companies in accordance with subsection (a) and (b) of this section the company shall be re-registered and the certificate of incorporation shall be issued if the requirements specified in this Act for the formation of a public company are fulfilled.