



Housing Development Finance Corporation Plc.

# TERMS OF REFERENCE FOR THE APPOINTMENT OF SHARIA COMMITTEE OF HDFC AMNA

ADAM ATHIF

11<sup>th</sup> February 2019

# **TERMS OF REFERENCE**

## **Introduction**

Housing Development Finance Corporation (HDFC) PLC, established in January 2004, is the only specialized housing finance institution in the Maldives. HDFC is a privatized company with International Shareholders represented by International Finance Corporation (IFC of World Bank Group), Asian Development Bank and HDFC Investments Ltd. of India, jointly holding 51% of shares. Our mission is to offer financial and social strength to all Maldivian citizens by providing home finance and other savings and investment products managed professionally and profitably to the highest standards, and to the complete satisfaction of all stakeholders.

## **Sharia Committee of HDFC AMNA**

Sharia Committee plays critical role in ensuring sound, prudent and comprehensive compliance with Shariah rules and principles at all times and in all aspects of the HDFC AMNA's business operations and activities.

Sharia Committee of HDFC AMNA shall consist of 3 members. It is the responsibility of the Sharia Committee to ensure that all the activities of HDFC AMNA are carried out according to the established principles and tenets of Sharia, and to rectify any activity of HDFC AMNA which is not in compliance with any tenet of Sharia'h.

## **Prerequisites of Sharia Committee Members**

1. Must be a Muslim and a follower of a Sunni school of thought;
2. Must have reached the age of puberty;
3. Must be of sound mind;
4. Must not have been convicted of any offence punishable by a Hadd as per Sharia;
5. Must observe high standards of integrity and character in the society and must refrain from such behavior that may deter the integrity and character of that person.
6. Must have pursued higher studies in Sharia Law, Islamic Jurisprudence (Principles of Islamic Jurisprudence and Islamic Commercial Law) and/or Islamic Finance and Economics and should have at least one-year experience in Islamic Finance related field.

## **Composition of the Sharia Committee**

The Sharia Board of HDFC AMNA will comprise of members who have education and experience in the areas of Sharia Law, Islamic Jurisprudence (Principles of Islamic Jurisprudence and Islamic Commercial Law) and/or Islamic Finance and Economics. It should be taken care to compose the Committee such that each member from the 3 members in the Committee has experience in one of the above areas.

## **Establishment of the Sharia Committee**

The Sharia Committee members will be appointed by the Board of Directors. Management will propose the names of candidates who meet the criteria for membership of the Sharia Committee, to the Board of Directors for their endorsement.

## **Meetings of the Sharia Committee**

Meetings of the Sharia Committee will generally be held as per the Sharia Governance Manual of HDFC AMNA .

## **Remuneration**

Remuneration will be paid to each member of the Sharia'h Committee for each meeting of the Committee in which he participates, in accordance with set policy.

Interested Candidates will be selected based on the qualification and through interview process.

## **Duties and Responsibilities of the Sharia Committee of HDFC AMNA**

The Primary Duties and Responsibilities of the Sharia Committee are as Follows:

1. Perform an oversight role on Shariah matters related to the HDFC AMNA's business operations and activities including oversight requirements;
2. Advise the Board and Management on Shariah related matters in order for the HDFC AMNA to comply with Shariah rules and principles at all time. The Sharia Committee members are responsible and accountable for all Shariah decisions, opinions and views provided by them.
3. Endorse Shariah related policies and guidelines.
4. Approve products and services to ensure compliance with Shariah rules and principles which include:
  - a. validating the terms and conditions contained in the forms, contracts, agreements or legal documents used in executing the transactions; and
  - b. validating the product manual, marketing advertisements, sales illustrations and brochures used to describe the product and services.
5. Assess work carried out by Shariah review and Shariah audit which forms part of the Sharia Committee's duties in providing assessment of Shariah compliance and assurance information in the annual report of HDFC Plc.
6. Provide written Shariah opinions in circumstances where the HDFC AMNA makes reference to the Sharia Committee for further deliberation, or where HDFC AMNA submits application to MMA for new product approval.
7. To ensure that all activities of the company are in line with Sharia principles, and in circumstances where instructions need to be given, to provide instructions with guidelines to implement such instructions.
8. Provide assistance in training of HDFC staff.
9. To keep and maintain the Company's confidential information in utmost secrecy, and not disclose confidential information of the Company unless such disclosure is required by law.
10. To ensure that all decisions of the Sharia Committee do not contravene any tenet of Islam and to maintain consistency in the decisions made by the Committee.

### **Invitation and Deadline for Submission of Expressions of Interest (EOI)**

HDFC now invites eligible firms/individuals to express interest in providing the auditing and other related services. The qualified firm/individual will be selected in accordance with a quality-and cost-based selection process. Interested firms should express interest making reference to criteria along with a proposal, no later than February 21, 2019 1430hrs to the following address. HDFC will only respond to the selected firm/individual.

**HDFC AMNA**

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