

Regulation on Capital Market Shari'ah Advisory Council

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| Introduction | 1. This Regulation is enacted pursuant to Section 10(h) and Section 63 of Law No. 2/2006 (Maldives Securities Act). |
| Objective | 2. The objective of this Regulation is to establish an independent Shari'ah Advisory Council and to obtain Shari'ah-based advice on matters relating to the capital market, as required by the Authority, as well as the technical assistance needed to develop an Islamic capital market in the Maldives. |
| Formation of the Council | 3. Pursuant to this Regulation, in order to provide Shari'ah-based advice to the Authority, a Council in the name of "Capital Market Shariah Advisory Council" shall be established and all Council related matters shall be arranged according to this Regulation. |
| Responsibilities of the Council | 4. The responsibilities of the Council are provided below.

(a) Provide Shari'ah-based advice and Rulings on matters referred by the Authority;

(b) Provide Shari'ah-based advice and Rulings on matters referred by organizations regulated by the Authority;

(c) Provide any other Shariah-based advice or Rulings to sustain the Islamic capital market. |
| Appointment and dismissal of members | 5. (a) Members of the Council shall be appointed by the Board of Directors of the Authority.

(b) Members of the Council appointed pursuant to Section 5(a) of this Regulation must receive a letter of appointment. This letter must state the period of appointment to the position, details of the allowance, the responsibilities of the member, and the grounds for dismissal. The maximum period for which |

a member may be appointed is 5 (five) years subject to reappointment.

(c) A member of Council may be dismissed under the following circumstances.

1. Failure to conform to fit and proper standards approved by the Authority's Board;
2. Resignation;
3. Failure to attend 3 (three) consecutive meetings, with no reasonable justification or prior notice to the Authority;
4. Acting in a manner that conflicts with the duties, responsibilities, and interests of a member of the Council;
5. Failure to meet a requirement for members of Council pursuant to this Regulation;

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6. (a) The Council should be comprised of 5 (five) or 7 (seven) members. All members must meet the following requirements:
 1. Hold a Master's Degree in Shari'ah, or, Fiqh, or Usool-Al-Fiqh or Fiqh-Al-Muaamalaath, or hold a license issued by an international securities commission or capital market regulatory authority, or be a registered Shari'ah advisor, or be deemed by the Authority as having a level of experience acceptable to the Authority in the areas of Islamic capital market or Islamic finance;
 2. Must not be a member of the Authority's Board of Directors, or a member of the Board of Directors or a permanent employee of an organization regulated by the Authority;

3. Must not be a member of Shari'ah Advisory Council of either an organization regulated by the Authority or a listed issuer of Islamic securities.
 - (b) A Chairperson must be elected annually by majority members of the Council. The main responsibilities of the Chairperson are to set the agenda and chair the meetings of the Council.
 - (c) If the Council is comprised of 5 (five) members, the quorum for meetings is 3 (three). And if the Council is comprised of 7 (seven) members, the quorum for meetings is 5 (five).
 - (d) Pursuant to this Regulation, the total number of members of the Council will be determined by the Board of Directors.
- Secretariat of the Council
7. (a) There shall be a full time Secretariat at the Authority exclusively for the maintenance of the matters relating to the Council. The employees operating the Secretariat shall be appointed by the Authority.
 - (b) The Secretariat shall deliver a work progress report of the Council to the Board every 3 (three) months.
- Responsibilities of the Secretariat
8. The responsibilities of the Secretariat are provided below.
 - (a) Arrangement of the administrative works required for Council meetings;
 - (b) Preparation of meeting minutes and record-keeping;
 - (c) Maintaining a written record of Council's Rulings pursuant to Section 10 of this Regulation;
 - (d) Carrying out research work as required by the Council;
 - (e) Locating worldwide Shari'ah rulings and prepare Dhivehi translation of these rulings;

- (f) Publishing the work progress of the Council on the Authority's website;
 - (g) Carry out any other works as required by the Council.
- Publishing of Council Rulings 9. (a) The Authority shall publish the Rulings of the Council.

(b) With reference to Section 9(a) of this Regulation, the publication shall follow an endorsement from the Authority Board.
- Conflict of Interests and Responsibilities 10. If an issue to be resolved by the Council is directly or indirectly related to a Council member, the member shall fully disclose the matter to the Council, prior to the commencement of the Council's meeting for the discussion of the issue or any other matters relating to the same issue. The member in question must be exempted from this meeting.
- Confidentiality 11. Except for the information that is publicly available, no member of the Board or a staff of the Authority shall disclose any confidential information obtained during his course of employment, unless required by a court of law or for the fulfillment of his duties under this Regulation.
- Amendments to the Regulation 12. Any amendments to this Regulation shall be made by the Board of Directors' of the Authority.
- Implementation 13. This Regulation shall take effect from the date of its publication in the Gazette of the Republic of Maldives.
- Repeal of previous regulation 14. Upon implementation of this Regulation, the Regulation No. 2013/R-585 (Regulation on Capital Market Shari'ah Advisory Council) is now repealed.
- Interpretation 15. The words and expressions referred to in this Regulation shall mean the following unless the context clearly indicates otherwise.

“Authority” shall mean the Capital Market Development Authority.

“Council” shall mean the Capital Market Shari’ah Advisory Council.

“Ruling” shall mean a written decision made by Capital Market Shari’ah Advisory Council relating to matters of Shari’ah, including the reasoning for the decision and the principles of Shari’ah referred to in the decision.