

Syrian Arab Republic
The Ministry of Economy and Foreign Trade

Decision No 2060
The Minister of Economy and Foreign Trade

In accordance with articles 2 and 28 of Law No 28 dated 16/4/2001 and upon the recommendation of the Central Bank of Syria and the approval of the Council of Ministers: Document No 7451 dated 24/9/2001 the following is decreed

Article 1 The application of the Executive Provisions of Law No 28 for the year 2001 pertaining to the licensing of private or joint-stock companies in accordance with the enclosed.

Article 2 This decree is to be published in the Official Gazette.

Damascus 26/9/2001(Hijri 9/7/1422)

The Minister of Economy and Foreign Trade
Dr. Mohammad Immadi

Executive Provisions of Law No 28 for the year 2001 as per the Decree of the Minister of Economy and Foreign Trade No 2060 dated 26/9/2001

First: Procedures of Licensing and Registration of Banks established in accordance with the articles of Law No 28 for the year 2001

Article 1-

A- The licensing procedure is initiated through the submission of an application form from the party interested in establishing a Private Bank to the Central Bank of Syria (The Government Commission for Banks) on sample (1). This application form does not constitute an official request. It is a gesture of willingness in requesting the license.

B- The Central Bank of Syria will conduct an initial study of the application form and initiate dialogue with the representative(s) of investors to familiarize itself with the main investors, natural or legal persons, interested in establishing the bank in question.

C- When the initial study of the application form and dialogue results with the serious interest and real potential for establishing the bank the interested party is then requested to apply officially for the licensing of the bank in accordance with articles 2-4 listed below.

Article 2- Parties interested in establishing private or joint-stock companies shall apply to the Central Bank of Syria (The Government Commission for Banks) on sample (2), enclosed, for the purpose of obtaining the license required for establishing the bank. The application form shall be signed by the founder investors: chairs of boards, natural and legal persons of the bank in question.

Article 3- The application form shall include the information listed below. The Central Bank of Syria reserves for itself the right to demand any further information or documents it deems necessary for the purpose of finalizing the study of the application form.

- 1- Name of Bank and its legal standing (private or joint-stock).
- 2- Its proposed capital and its stocks available for shareholding. The capital shall not be less than Syrian Pound 1500 million.
- 3- The total number of shares and the nominal value of each share. Each share shall not be less than Syrian Pound 500 each.
- 4- The Central Headquarters of the Bank (and branches if found).
- 5- Full patrimonial names of investors, their nationalities, commercial records, age, detailed addresses, places of residence, and the value of each of their shares in the stocks available for shareholding.
- 6- Names of legal persons parties to the establishing of the bank, their nationalities, type of activities, commercial records, central headquarters, detailed addresses, and their shares of the proposed capital, as well as names, addresses and shares of all legal persons of the Syrian establishments of the

public banking sector or the Public Insurance Company and other saving establishments including numbers and dates of the decree of the Council of Ministers permitting these to participate.

- 7- Names and addresses of founders authorized to follow up the application for license and provide information and documents needed to finalize the study of the application.

Article 4- The application form shall be enclosed with the dossier of information and supporting documents listed below, the information and documents being part and parcel of the application.

1-Documents pertaining to the bank intended for establishment.

- A- Contract of establishment (3 copies).
- B- Organizational chart proposed for the bank (3 copies).
Detailed and accurate economic feasibility study for the proposed bank (3 copies).
- C- Estimated budgets for the first three years (3 copies).
- D- The decree of the Council of Ministers permitting non Syrian natural and legal persons to participate in the establishment of the bank.
- E- The decree of the Council of Ministers permitting Syrian establishments of the banking and financial sector to participate in the establishment of the bank.
- F- An official document issued by the non-Syrian control party giving permitting the bank to participate in the establishment of the joint-stock company.
- G- An invoice from the Syrian Central Bank for the payment of the amount in lieu of expenses incurred in the process of investigation and study. The amount shall be specified in another decree by the Minister of Economy and Foreign Trade.

2- Documents pertaining to legal person founders.

- A- An account detailing the names of companies and establishments of each founder and the amount of his/her stock, his/her membership in their management boards, and if he/she be a general manager, the nationalities of these companies and establishments, and the addresses of their general headquarters.
- B- An account detailing the financial prospects of the joint-stock companies, the commercial, industrial, service, or agricultural estates owned or partnered by each establishment, as well as their activities. This should be certified by an auditor of the concerned chambers.
- C- An account of the financial standing and accurate assessment of financial credit of each founder, as well as any other information pertaining to the study of the application or if any of them has been declared bankrupt in the past.
- D- A detailed personal account detailing the professional and banking expertise of the founders, as well as their academic degrees.

- E- An account detailing the family relations (blood or marriage) between the establishment and the founders or between it and the board members of companies and establishments party to the establishment of the bank and its general managers.
- F- An account detailing the professional relations between the establishment and the founders whether natural or legal persons.
- G- Valid Identity documents and permanent addresses of all founders.
- H- A recent resume of the civil registry of all founders.

3-Documents pertaining to chairs and members of management boards, be they natural or legal persons, of the establishment and its general managers.

- A- An account detailing the names of the chair, members of the board of management, and general manager for each legal person(s) participant in the establishment of the bank, as well as their nationalities and shares in the legal body joint in the establishment of the bank.
- B- An account detailing the names of companies and establishments in which the chair, members of the board of management of the legal body joint in the establishment of the bank participate, its general manager, as well as their shares in these companies and establishments.
- C- An account of the financial standing and accurate assessment of financial credit of each legal person(s), as well as any other information should any of them have been declared bankrupt in the past. This account should be certified by an auditor and by the chambers of commerce, industry or agriculture concerned.
- D- A detailed account of the professional and banking expertise of the legal person(s), as well as the academic degrees of chair and board members of the legal person(s) participant in the establishment of the bank.
- E- An account detailing the family relations (blood or marriage) among the founders (natural or legal persons).
- F- An account detailing the professional relations among the founders (natural or legal persons).
- G- Valid Identity documents and permanent addresses of all above mentioned.
- H- A recent resume of the civil registry of all above mentioned.

Article 5- Once the dossier of information and supporting documents has been completed the Central Bank of Syria (The Government Commission for the banks) issues a receipt in lieu of registration. The date of this receipt is considered the beginning of the period specified for acceptance/rejection of the license.

Article 6- Once the dossier of information and supporting documents has been completed the Central Bank of Syria conducts an assessment of the application and the supporting information and documents to make sure of their authenticity in accordance with the provisions of Law No 28 for the year 2001 and other operative rules and regulations. The following is taken into consideration: the reputation, qualifications and potential of the party requesting the establishment of the bank and the good financial name and banking

Syrian Arab Republic
The Ministry of Economy and Foreign Trade

expertise of the interested party(s) as per international standards. Also taken into consideration is the need to establish the private bank in question in accordance with the economic conditions prevalent and the banking services rendered in Syria in general and in the area where the bank is to be established in particular. The Central Bank of Syria conducts its study and refers it to the Credit and Monetary Board for further assessment. The Council then delivers its decision to the Minister of Economy and Foreign Trade who attaches his opinion and refers it along with the appropriate recommendation to the Council of Ministers who makes the final assessment and issues the appropriate decision.

Article 7- The Council of Ministers takes its final decision (positive or negative) within three months from the date when the application is registered at the Central Bank of Syria. If such a decision is not issued at the appointed date, the application shall be considered a rejection.

Article 8- A- In cases of implicit or explicit rejection, the applicant may go back to the Central Bank of Syria and to find out about the reasons for rejection, if found, and may submit a new application, having rectified the cause(s), after the elapse of three months from the end of the period specified for the study of the application form. Thus the new period for the study of the new application will begin and last for another three months.

B- The same party may not make more than two applications in the period of three years.

C- In the case of rejections the expenses incurred during the process of investigation and study shall not be refunded. A new application requires a new amount to cover the expenses of the new investigation.

Article 9- The license issued by the Council of Ministers shall specify:

- 1- The information specified in paragraphs 1-6 of articles 3 above.
- 2- The founders' shares on the condition that such shares are not less than 25% of the Bank's capital when the application is presented.
- 3- The percentage allocated for each natural person does not exceed 5% of the Bank's capital number of shares; this includes the shares of spouses and children.
- 4- The shares held by the legal person should not be in excess of 49%.
- 5- The percentage of the public sector contribution to the Bank's capital if it is a mixed joint-stock company is allocated by 25% of the total number of shares.
- 6- The maximum total of shares of non Syrians, natural or legal persons, should not be in excess of 25% of the total number of shares

Article 10- The shares remaining after deducting the founders' shares shall be offered for public trading and upon subscription 50% of each share's nominal value may be paid while the balance shall be paid within six months from the date of licensing the bank.

Article 11- The value of shares bought by resident Syrian citizens shall be paid in Syrian currency and the value of foreign contributions shall be paid in foreign currency in accordance with the actual exchange rate in neighboring countries and per the publication

Syrian Arab Republic
The Ministry of Economy and Foreign Trade

of the Central Bank of Syria. The amount paid shall be transferred into accounts named “bank in the process of establishment” and opened for the purpose of receiving contributions at the Central Bank of Syria.

Article 12- After the granting of the license by the Council of Ministers, the licensed party is requested via the Central Bank of Syria to proceed with finalizing the process of establishment: offering shares for public trading, electing the first board of management, the appointment of the first general manager, first auditor, locating the headquarter, its refurbishment, ... etc. Once this process is completed the Central Bank of Syria registers the bank in the Bank Record that includes banks operating in Syria for The Government Commission for the Banks.

A-After the bank has paid the registration expenses, fixed in accordance with a decree from the Minister of Economy and Foreign Trade, to the treasury of the Central Bank of Syria.

B- Deposit in an interest-free frozen account at the Central Bank of Syria an amount equivalent to 10% percent of its contributed capital considered part and parcel of the Bank’s immovable assets to be refunded upon liquidation of bank’s activities.

Article 13-The Bank Record at The Government Commission for Banks includes the following data and information:

A-Bank’s number, date of registration, and legal standing (a private limited company, a mixed joint-stock company).

B-The Name of the bank, its headquarters and its legal address.

C-Number and date of license decision from the Council of Ministers and date of its publication in the Official Gazette.

D-Number of commercial record.

E-Authorized capital.

F-Actual paid capital.

G-Total number of shares.

H-Nominal value of each share.

I-Percentage of shares owned by the public banking or financial sector, plus the names of participant public bodies.

K-Shareholders from the private sector: natural or legal persons, their nationalities, and shares.

L-Date of commencement of bank operations.

M-Chair and members of board of management, general manager, their nationalities, and shares.

N-amendments of above items and date of amendment.

O-The signature of the Chair of Records at The Government Commission for Banks next to each item and its revision.

P-It is a must for the bank in question to inform the Banks Record at the Government Commission with amendments of above items in a formal letter.

Amendments shall not be made public or carried out before the Central Bank of Syria gives its permission. Amendments are subject to amendment fees to be issued by a decree from the Minister of Economy and Foreign Trade.

Article 14- A-The licensed bank shall not commence its operations until the Central Bank of Syria issues a decree with the registration of the bank in the Bank Record of operating banks. This takes place after the completion of the establishment process in accordance with Law No 28 and other rules and regulations in progress.

B- The license providing for the establishment of the Bank shall be considered repealed if the Bank does not commence activities within one year from the date of registration in the Banks Record.

Article 15- The applicant who is granted the permission to establish a bank in accordance with the rules of Law No 28 for the year 2001 may not abandon it to others in part or in entirety and under whatsoever name.

Article 16- The headquarters of the Bank may be set up in one of the Governorate centers which the applicant chooses and at the request of its board of management and the approval of the Central Bank of Syria. It may open branches inside and outside the Syrian Arab Republic.

Second: Increasing the bank's capital and abandoning of shares and shareholding

Article 17- 1- Founders may not abandon the ownership of their shareholding or their shares in the Bank's capital to a third party until and unless three balance sheets are issued showing profits.

2- In all cases the percentage of ownership by non-Syrians be they natural or legal persons shall not exceed 49% of the Bank's capital.

Article 18- 1- The Bank's capital may be increased in compliance with the conditions set forth by its basic by-laws, and upon the prior consent of the Central Bank of Syria. The Central bank of Syria may, in some cases, demand the capital of the bank to be increased in accordance with international standards and sets for that a certain time limit.

2- Upon increasing the bank's capital preference in subscription to the new shares shall be in favor of the original shareholders and at the same rate of their holdings. In this case the percentage of the banking and financial public sector contribution shall not go down below the rate of 25% if the Bank is a mixed joint-stock company and after obtaining the permission of the Council of Ministers to increase the public share aforementioned.

Third: Management of the Bank

Article 19- 1- Management of the Bank shall be in the hands of a board of directors elected by the shareholders in accordance with its basic by-laws which defines their qualifications and the conditions that they ought to meet. The board of directors is

Syrian Arab Republic
The Ministry of Economy and Foreign Trade

subject to the regulations specific to boards of directors listed in paragraph 4 of the Basic Monetary Law and the laws of the Central bank of Syria

The Central Bank of Syria has the right to make sure that the qualifications and conditions aforesaid in paragraph (1) above are duly met and to take the necessary measures to ensure the formation of the board of directors in conformity with such qualifications and conditions.

Article 20- The Minister of Economy and Foreign Trade appoints the public sector representatives in the board of directors of the mixed banks who shall have banking expertise at the recommendation of the Credit and Monetary Board and in proportion to the rate of shares owned by the public sector. Such representatives may not interfere in the election of the other members of the board or their dismissal. The duration of their stay on the board is not limited by the tenure of office specified for board members in the basic by-laws.

Article 21- 1-The basic by-laws specify the number of board members and the duration of their tenure and the number of shares that a person should hold to be eligible to membership of the board. The Central Bank of Syria may judge such number in view of the Bank's situation and to guarantee the Bank's interest as well as the interest of shareholders and depositors. Chairman of the board is elected by the board members taking into consideration the number of shares he/she holds.

2- Possessing this number of shares is not a necessary condition at the time of election as this possession may be added up to reach the required portion within one month from election day, otherwise the membership is definitely nullified. Increasing the number of shares owned by non-Syrians should not exceed the maximum total allowed for those.

Article 22- Decisions made by the board of directors cannot become legal and abiding unless taken in the presence of the majority of members provided that one of them is a representative of shareholders from public establishments contributing to the mixed Bank's capital when the decision is taken concerning major issues as specified in the basic by-laws.

Article 23- 1- The general manager of the Bank shall be chosen from people known for their banking expertise, and shall be appointed by a decision taken by the board of directors after the approval of the Central Bank of Syria.
2- The general manager of the mixed Bank may not hold membership of the board or its chair in addition to the capacity of his post.
3- No person holding the post of general manager or deputy general manager or other post in the Bank may practice private commercial activities neither be a member in a partnership nor a member of the board of directors in any company.

Article 24- 1- The founders shall lay out a draft of the Bank's basic by-laws that matches the nature of its work and the form of its composition, and in

harmony with the model basic laws of banks prepared by the Central Bank of Syria which specifies the banking operations and services that the bank is authorized to perform on the condition they do not contravene articles 12 and 20 of Law No 28 for the year 2001. The by-laws may define the nationality of the members of the board directors and its chair, their number, their age, their remuneration and bonuses, proceedings of their elections, the percentage of representation of non-Syrians on the board in proportion to the percentage of their contribution to the capital and the mechanism of the board's work. It can also determine the capital, the value of the share in local currency and its equivalent in foreign currency. The by-laws shall be promulgated by decision from the Minister of Economy and Foreign Trade at the recommendation of the Credit and Monetary Board.

2- The Bank's board of directors shall lay out the workers statutes on the basis of the operative Labor Law No.91 of 1959 and amendments.

3- The Bank's board of directors shall lay out all regulations governing the operation of the Bank and its branches. Such regulations shall be referred to the Credit and Monetary Board for ratification.

Article 25- Chairmen, board members, general managers, and other managing staff of banks licensed in accordance with Law No 28 for the year 2001 are subject to the rules of subparagraph 6 of paragraph 4 of the Basic Monetary Law and the laws of the Central Bank of Syria.

Fourth: Monitoring

Article 26- Subject to the rules of paragraph 4 of the Basic Monetary Law and the laws of the Central Bank of Syria as well as basic international standards for monitoring and control, the Central Bank of Syria has the right to:

1- Monitor and control the activities of such banks in conformity with the rules of Law No 28 for the year 2001 to ensure the propriety of their conduct, their safety, the running of their work and activities and their conformity to their by-laws and rules and regulations in progress in whichever way it deems fit. As such the Central Bank seconds controllers to these banks and demands information and regular reports or demands that the banks in question appoint certified controllers approved by the Credit and Monetary Board. These controllers should provide regular report to the Government Commission for banks.

2- The General Assembly of Shareholders of the bank in question has the right to appoint, at any time, an Inspector Auditor of the bank in question to audit the bank records, its accounts, and records of its correspondence to ensure the validity of its operations and banking activities and its conformity to the rules and regulations in progress.

3- Whenever necessary take measures to correct the affairs of the bank in question and thus ensure the rights of the shareholders, depositors and clients as well as their monies and rights.

4- In conducting its monitoring and control activities the Central Bank of Syria ensures the confidentiality required in the banking profession which is promulgated by Law No 29 dated 2001.

Article 27- The General Assembly of shareholders appoints an External Controls Auditor, of good reputation and standing, to be named by the general assembly of the Bank's shareholders whose tasks shall be specified in the basic by-laws.

Article 28- The Central Bank of Syria issues, from time to time, instructions and circulars to be put into effect by the licensed banks. These instructions are abiding and failure to put them into effect will result in contradiction subject to the fines and penalties specified in the rules and regulations in progress.

Fifth: General Provisions

Article 29- All banks licensed in accordance with Law No 28 for the year 2001 shall abide by the following:

- 1- Deposit in an interest-free frozen account at the Central Bank of Syria of an amount equivalent to 10% percent of its contributed capital considered part and parcel of the Bank's immovable assets to be refunded upon liquidation of bank's activities.
- 2- Limit its action to international accountancy criteria.
- 3- Use up-to-date world technology in its internal and external operations.

Article 30- No bank shall cease its activities in part or in entirety prior to obtaining a permission to do so from the Central Bank of Syria.

Article 31-References, letters and telegrams circulating between the Syrian banks and the establishments and bodies, internal and external, via advanced world telecommunications have the same force enjoyed by rules and regulations in progress, and that is in accordance with the instructions issued by the Central Bank of Syria.

Article 32- Rules and restrictions promulgated in the regulatory and legislative texts concerning public sector companies and establishments shall not apply to the mixed joint-stock Bank set up under the rules of Law No 28 for the year 2001 whatever is the rate of contribution by the state and the public sector entities to the Bank's capital.

Article 33- Banks licensed by Law No 28 for the year 2001 are allowed to transfer the following dues from its accounts in foreign currency and as a result of its activities and in conformity with its legally certified balance sheets.

- 1-Annual net profits which are the shares of Arab and foreign nationals and their foreign currency contributions after deducting the obligatory margins specified by the General Assembly of shareholders and promulgated by chapter 4 of the Basic Monetary Law and the law of the Central Bank of Syria.

Syrian Arab Republic
The Ministry of Economy and Foreign Trade

2-Net bonuses, remunerations after deducting the taxes pertaining to resident non-Syrian members of the board of management and all those in their category.

3-50% of net waged, remunerations and bonuses and 100% of net end of service compensations due to experts, technical and working staff of Arab and foreign nationals.

4-Due amounts that need to be settled via transfers of foreign currency.

5-Amounts and dues are transferred in accordance with the value of actual exchange in neighboring countries as per the exchange rate publication issued by the Central Bank of Syria.

Article 34-Banks established in accordance with article 26 of Law 28 dated 2001 are not subject to the provisions of Legislative decree No 6 dated 22/4/2001.

Article 35- Banks established in accordance with Law 28 dated 2001 are subject to the rules of the Law of Commerce No 149 dated 1949 and its amendments. They are also subject to the rules of the Basis Cash Law and the laws of the Central Bank of Syria and to the provisions of currency in progress.

Article 36- Banks established in accordance with Law 28 dated 2001 should abide by instructions and memoranda issued by the Central Bank of Syria and by the Credit and Monetary Board in the conducting of its banking activities. Failure to do so will result in sentencing specified by the rules of the Basic Monetary Law and the law of the Central Bank of Syria.