

LEGISLATIVE DECREE 35/2005

The president of the Republic,
acting upon the provisions of the Constitution,
hereby decrees as follows:

Article 1 – Definitions

A - Islamic bank: means the bank whose memorandum of association and bylaws embody a commitment to carry on authorized banking business on other than credit and/or debit interest charge basis and according to those banking practices which do not conflict with the precepts of Sharia (Islamic community law) whether as to the acceptance of deposits and provision of other banking services or to funding and investment.

B – Sharia control commission (“SCC”): means a commission composed of a specified number of jurisprudence, Sharia and legal advisers nominated by the Islamic bank’s general assembly and whose duty is to exercise Sharia control on the bank’s business and contracts to ensure their consistency with the Sharia precepts.

Article 2

The establishment of Islamic banks in the Syrian Arab Republic shall be subject to the legal basics and rules and to the procedures specified in Law 28/2001 on establishment of private and mixed banks. The order licensing the bank’s establishment shall be issued by the Cabinet following a proposal by the Central Bank of Syria and the Money and Credit Board’s recommendation based on a conviction that such licensing serves the public interest and the national economy requirements and contemplates coverage of the banking market.

Article 3

Subject to the Money and Credit Board’s approval, the operating banks entered in the register of banks may contribute towards establishment of Islamic banks provided that:

- (1) These operating banks observe the maximum limits of contribution by corporate persons in the capital of the established bank as prescribed in Law 28/2001; and
- (2) The operating bank’s contribution in establishment of an Islamic bank does not exceed 20% of such operating bank’s net funds as specified by the Money and Credit Board (MCB) in each case after examination of the status of the bank willing to make such contribution.

Article 4

A - The Islamic bank’s licensing deed should specify its declared capital which should not be less than five billion Syrian Pounds spread over nominal shares each having a minimum par value of five hundred Syrian Pounds and indicate as well the capital paid up upon the bank’s establishment and not falling below 50% of the declared capital stock.

B – The capital stock should be replenished within three years from the date on which the bank launches its activities. The bank may during this period suspend payment of dividends to its shareholders.

Article 5

The bank licensed under the provisions of this Legislative Decree may not sell or assign its license to any other party unless otherwise with MCB's prior approval. Nor may any bank which contributes in establishment of an Islamic Bank may assign its interest to any other party unless otherwise with MCB's prior consent.

Article 6

The following shall be the Islamic bank's object:

A – Provide banking services and carry on funding and investment business not based on interest charge in all its forms and descriptions;

B – Develop the means of attracting funds and savings directed to participation in productive investment through ways and means not running counter to the Sharia precepts.

Article 7

An Islamic bank may carry on the following banking business consonant with the controls, limits and conditions laid down by MCB:

A – Accept for specified or unspecified term all and any deposits in fiduciary accounts, investment joint accounts, or allocated investment accounts;

B – Provide such financial and banking services and initiate various banking operations as authorized by Law 28/2001 and not running counter to Sharia precepts whether such operations are done for the Islamic bank or for or in participation with third party;

C – Carry out funding operations not based on interest charge for various terms and in economic domains not running counter to Sharia precepts, such transactions to be made through using Sharia contract provisions such as speculation contracts, participation contracts, tender contracts, pecuniary sale contracts through purchase orders, manufacture contracts, scaled sale contracts, processing license contracts, property acquisition contracts, and other financial contract forms approved by the bank's Sheriat control commission (SCC);

D – Invest the funds of prospective clients in investment accounts jointly with the Islamic bank's resources under a joint speculation system or invest them in a designated investment account under a special agreement with the client;

E – Carry out direct or financial investment transactions for these operations or for or in participation with third party, including the acquisition of movable property, partnership contracts, establishment of existing or under incorporation companies which carry on various economic activities;

F – Carry on any other banking activities which are not based on interest charge and are approved by SCC and permitted under MCB's instructions.

Article 8

Islamic banks should see into it that all their banking and investment operations and services are based on other than interest charge in any form, particularly:

- (a) Debt interest charge collected or paid in any lending, borrowing and deposit cases including any fee paid by the borrower without being matched by any service involving an acceptable beneficial effort as viewed by SCC;
- (b) Sales interest charge within the framework of banking business in banking operations linked to term payment, as well as the interest charge involved in similar operations.

Article 9

Notwithstanding the provisions of art. 20 (1,2) in Law 28/2001 and of art. 100 (1,2) in Law 23/2002, Islamic banks may acquire, sell, exploit, lease and rent movable and immovable property including the reclamation of titled or leased movable and immovable property and their development for agriculture, industry, tourism or housing, as well as the establishment of companies and contribution towards projects under development in domains compatible with Sheria in the course of performance of Islamic banking operations in favour of or in participation with clients. MCB may subject these acquisition, investment and contribution operations to the controls and limits it deems fit.

Article 10

A – Following a recommendation by its board of directors and a resolution passed by its general assembly, the bank shall appoint for a three-year renewable term a commission called “Sheriat control commission (SCC)” comprising at least three members of jurisprudence, Sheria and legal advisers, whose view shall be binding upon the Islamic bank and which shall:

- (1) Oversee the Islamic bank’s business and activities as to their consistence with and non-violation of Sharia precepts;
- (2) Opine on the phraseology of contracts required for the bank’s business and activities;
- (3) Look into any issues requested by the bank’s board of directors or consistently with the Central Bank of Syria’s instructions.

B – The Central Bank of Syria will draw up the regulation for accepting and withdrawing the acceptance of SCC members in Islamic banks and the modus operandi of these commissions and will put them up to MCB for approval and ratification.

C – The bank’s SCC shall put up to the bank’s general assembly an annual report reflecting the extent by which the bank has observed the Sharia precepts during the period subject of the report as well as SCC’s remarks and recommendations. This report should be included in the bank’s annual report.

D – Neither SCC nor any of its members can be removed or discharged during their tenure unless otherwise through a resolution passed by the bank’s general assembly of shareholders.

E – The bank management should inform the Central Bank of Syria about the resolution under which SCC is appointed or removed or upon making any amendment in SCC’s composition.

Article 11

A - Islamic banks shall be governed by the provisions of Part IV in Law 23/2002 embodying the regulation and control of the banking profession in the Syrian Arab Republic as to anything that does not run counter to the provisions governing Islamic banks and contained in this Legislative Decree.

B – MCB shall lay down the controls regulating the operation of Islamic banks, including the rules and provisions related to fluidity, capital stock adequacy, investment concentration rates, and the rules of computing the appropriations to be credited for addressing the risks of procedures, as well as the controls of exceptions allowed to these banks under this Decree in accordance with the provisions of Law 28/2001 and Law 23/2001. The Islamic banks' control criteria issued by the Council of Islamic Financial Services should be taken into consideration upon overseeing the operation of Islamic banks.

C – MCB may determine all or a part of:

- (1) The maximum limit of the value of operations related to a specific activity;
- (2) The maximum limit of the bank's contribution in the companies which the bank establishes or holds shares therein, as well as the maximum limit of the bank's contribution in a given project;
- (3) The maximum limit of a client's commitment towards the bank;
- (4) The maximum limit of the funds which can be invested abroad as a proportion of the sum total of investments;
- (5) The rules and conditions which must be followed in the bank's relation with its clients and shareholders.

D – Islamic banks shall be subjected to the obligations set forth in articles 105, 106 and 107 of Law 23/2002 as to submission of financial statements to the Central Bank of Syria. These obligations can be modified with the Central Bank's approval to become compatible with the accounting criteria issued by the Accounting and Auditing Commission for Islamic Financial Institutions.

Article 12

A – MCB may enlist the aid of a legal advisory commission comprising advisors specialized in Sharia, jurisprudence and Law to opine on the issues referred to it by MCB and concerning Islamic banking activities.

B – MCB shall nominate the SCC members and lay down their operation procedure. Their allowances shall be determined under an order by the Prime Minister following a proposal by MCB.

Article 13

A -The Islamic Bank management should inform periodically and in writing the shareholders and depositors about the risks associated with the bank investments and their results and about the bank's investment percentages in these investments. The said management should also draw a line of distinction between fiduciary deposits, joint investment deposits and allocated investment deposits.

B – The bank internal controllers and the controllers of the Government Commission for Banks (GCB) should ascertain that the bank adheres to the obligations referred to in this Article.

Article 14

The Islamic bank should maintain a reserve account fund that addresses the risks of joint investment accounts in order to cover any losses resulting from joint investment in the financial year's end. This fund shall be sustained as follows:

A - No less than 10% will be credited to this fund from the joint investment accounts net profits realized on the transactions carried out during the year.

B – This percentage can be increased in consequence of instructions issued by MCB and shall apply as from the financial year following the year in which this modification has been determined.

C – This credit to the reserve fund account will discontinue when the amount gathered in this fund becomes double the capital paid up to the Islamic bank or upon attainment of any other amount determined by MCB.

D – These credits will be exempted from the current capital yield tax.

Article 15

1. Islamic banks shall participate in the setoff and settlement system managed by the Central Bank and according to rules not running counter to the Sharia precepts.

2. The Central Bank shall carry out some or all of the following operations:

(a) Open accounts for itself in Syrian Pounds and foreign currencies at Islamic banks;

(b) Open accounts for Islamic banks in Syrian Pounds and foreign currencies within the Central Bank itself;

(c) Accord the Islamic banks short or medium term funding through instruments and procedures not running counter to Sharia precepts;

(d) Sell to and buy from Islamic banks those financial papers and other instruments compatible with Sharia precepts;

(e) Issue instruments which are consistent with Sharia precepts under the conditions and limits determined by MCB and are sale and purchase negotiated with entities subjected to the Central Bank's supervision and control.

Article 16

1. Upon its liquidation, an Islamic banks shall be wound up according to criteria determined by MCB on the basis of applicable laws and to the extent by which these laws do not conflict with the Islamic banks' provisions set forth in this Legislative Decree.

2. The obligations and debts of an Islamic bank under liquidation shall be discharged according to the following basics by serial order:

(1) The liquidator's fees and the costs and expenses incurred in the liquidation proceedings;

(2) The bank personnel's entitlements in labor salaries and indemnities accruing under the applicable labor legislation;

(3) The depositors' entitlements in fiduciary accounts;

(4) The taxes and duties payable to the Public Treasury;

(5) The creditors' entitlements and any other funds deposited with the bank for other than the purposes of investment and profit sharing therein;

(6) The depositors' entitlements in joint and allocated investment accounts according to the following basics:

- The depositors' entitlements in joint investment accounts will be paid according to their relevant conditions, provided this payment is preceded by charging these entitlements the liquidator's fees and costs related thereto and then the charges related to their related obligations. MCB will determine the mode of earmarking the investment risks fund balance after covering all costs and risks charged to the investments generating this fund so that these risks and costs can be addressed.

- The entitlements of depositors in the allocated investment accounts will hinge on the results of this investment. The depositors will bear these results on the basis of the remaining proceeds gained after these are subject to deduction of their related costs and the liquidator's fees.

(7) The shareholders' entitlements in an Islamic bank under liquidation shall be settled on the basis of apportioning the balance of funds pro rata the shares held by each shareholder.

Article 17

A – All the Islamic bank's operation profit dividends shall be considered an income subjected to the tax charged to banks.

B – The operation profit dividends distributed to investment deposits shall be subjected to the negotiable capital stock yield tax under Law 24/2003 (as amended).

Article 18

The contracts concluded by an Islamic bank in the course of transacting the operations and providing Islamic banking services shall be exempted from the profit tax chargeable to such contracts and from the stamp duty tax as well.

Article 19

The Islamic banks established in accordance with the provisions of this Legislative Decree shall be governed as well by provisions of laws and regulations applicable in the Syrian Arab Republic, particularly Law 28/2001, Law 29/2001, Law 23/2001, the Money Laundering Control Law promulgated by Legislative Decree 59/2003, the Trade Law 149/1949 as amended, and the applicable banking custom rules, unless otherwise specifically prescribed in this Legislative Decree.

Article 20

MCB shall issue the instructions and explanations related to this Legislative Decree.

Article 21

This Legislative Decree shall be published in the Official Journal.

Damascus, 4 May 2005.

President of the Republic
Bashar Assad

LEGISLATIVE DECREE 34/2005
- Banking Secrecy -

The President of the Syrian Arab Republic,

acting upon the provisions of the Constitution,

hereby decrees as follows:

Article 1

All banks operating in Syria, including those operating in Syrian Free zones, shall be governed by the provisions of banking secrecy, by the banking control provisions prescribed in the Central Bank of Syria's Law, by the Fundamental Money Regulations 23/2002 and by Legislative Decree 33 of 01.05.2005 on control of money laundering and terrorism bankrolling.

Article 2

These banks may open for their clients coded deposit accounts whose holders are known only to the bank manager or his alternate (*faisant fonction*). These banks may also lease steel safes where the depositor's identity, coded account, steel safe, account or asset value can be disclosed only by permission of the depositor or his legal heirs or trustees or if his bankruptcy is adjudicated or a lawsuit is lodged concerning a banking transaction between the banks and their clients and following a request made by the authority handling this suit.

Article 3

The personnel of these banks and any one by function of his capacity or post have any access to the entries of books, records, transactions, correspondence or certificates of deposit should keep confidential these entries in favor of the bank and its clients and may under no circumstances divulge their known names of clients and their funds or anything related to their banking deposits and status to any person or administrative/judiciary authority unless otherwise in the cases referred to in art. 3 of this Legislative Decree. This prohibition shall survive the expiry of relation between clients and bank.

Article 4

A written prior agreement can be reached before the bank management to give the said permission in any banking deposit case. Such permission may be drawn back only by mutual consent of all the parties concerned and by the same method that this documentation was made.

Article 5

Contrary to any applicable provision, no foreclosure can be made on the funds and assets deposited with these banks unless otherwise by written permission of their owners or upon issuance of final (*res adjudicata*) court judgements charging entitlements against the depositor in favour or public or private entities.

Article 6

For the purpose of safeguarding the investment of their funds, these banks may under strict confidentiality exchange between them and with the Government Commission for Banks the information related to the debit accounts of their clients.

Article 7

By permission of the competent judge, the depositor's legal heirs and trustees may have access to figures of the depositor's funds or assets deposited so that these can be included in the estate accounts. These deposited funds and assets should be reported to the competent judge through an official letter issued by the bank management.

Article 8

Notwithstanding the above provisions, this Legislative Decree may under no circumstances be invoked in the course of applying the provisions of Legislative Decree 33 of 01.05.2005 on money laundering and terrorism bankrolling or against the orders and decisions of the Money Laundering and Terrorism Bankrolling Control Agency ("the Agency"), including the notification on suspected transactions and accounts, which should rather be cooperated with by responding without delay to their requested for freezing the accounts and unveiling the banking secrecy from any account it may have and by providing the information it requires.

Article 9

The banks and other financial institutions should make sure of the real name of the holder of the account opened with the bank, be it a coded or name account, and should keep the relevant documents required therefor.

Article 10

The provisions of this Legislative Decree do not prejudice the duties entrusted to the controllers mentioned in Part IV (section 8) of the Central Bank of Syria's Law and in the Money Fundamental Regulations; nor do they prejudice the measures taken by this Bank in accordance with its provisions.

Article 11

Any violation of this Legislative Decree shall be subject to a sentence from three months to one year and so will be the attempted violation as and when it is initiated. The public prosecution suit can be commenced only following a complaint by the affected party.

Article 12

Law 29 of 16.04.2001 shall be abolished.

Article 13

This Legislative Decree shall be published in the official gazette and shall come into force as from the date of its promulgation.

Damascus, 01 May 2005

**President of the Republic
Bashar Assad**

LAW 22

Establishment of Syrian Agency of Financial Papers and Markets

The President of the Republic,

by virtue of the provisions of the Constitution, and
acting upon the resolution passed by the Parliament in its session held on
13.06.2005,

hereby enacts as follows:

Article 1 – Definitions

Wherever contained in the course of application of this Law, the following definitions shall be construed to mean as follows:

Agency: Syrian Agency of Financial Papers and Markets;

Board: Board of the Agency's commissioners;

Board Chairman: Chairman of the Board of commissioners, Agency's executive chairman;

Financial papers: Negotiable shares of companies, negotiable debt instruments issued by the government or companies, any negotiable instruments representing dividend rights, or any other financial instruments which the Board considers should be included in this definition;

Financial markets: Markets which organize the negotiation of financial papers and can arise in the Syrian Arab Republic in accordance with the provisions of this Law.

Article 2

A - There shall be set up in the Syrian Arab Republic an organizing entity called "Syrian Agency of Financial Papers and Markets" attached to the Prime Minister and enjoying the status of legal person with financial and administrative independence. Its head office will be in Damascus.

B – The Agency will be vested with all powers required for fulfillment of its tasks and functions conducive to achievement of its objectives.

C – The Agency may not carry on any lucrative activity or work and may not lend money or issue financial papers.

Article 3

A – The Agency shall operate to realize the following main objectives:

- (1) So organize and upgrade financial markets and their activities and business as would ensure the scales of justice, competence and transparency and would contribute towards minimizing the risks associated with the transactions of financial papers;
- (2) Protect the citizens and investors concerned with financial papers against unfair or unsafe practices or those involving fraud, deceit, chicanery or fudging;
- (3) So promote thrift and investment activities as to serve the best interests of national economy.

B – The Agency shall be in charge of issuing instructions and performance of all functions ensuring the achievement of its goals and may for this purpose:

- (1) Organize and monitor the full divulgence of information related to financial papers;
- (2) Organize and monitor the issuance and handling of financial papers;
- (3) Organize and monitor the business and activities of the entities which are under the Agency's control and supervision;
- (4) Oversee the financial markets.

Article 4

A - The board of commissioners shall consist of 7 members among whom there will be 4 experienced and specialized full-time members including the board chairman and vice-chairman and who shall be Syrian citizens, to-wit:

- CEO of the commissioners: chairman
- One of the commissioners: vice-chairman;
- Assistant Minister of Finance: member;
- Assistant Minister of Economy and Trade: member;
- Two other commissioners: members.

B- The chairman and members of the commissioners' board shall be nominated in a decree specifying their stipends and allocations.

C – The board secretary shall be nominated in a resolution passed by the board.

D – The board membership term shall be 4 years renewable only once for the board chairman and vice-chairman. A board membership term will continue after its expiry until a successor is appointed.

Article 5

The Agency's regulations shall be promulgated under an order by the Prime Minister following a proposal by the commissioners' board.

Article 6

The following entities shall be subjected to the Agency's supervision and control in accordance with the provisions of this Law and with the regulations, instructions and orders issued hereunder:

- (1) Companies issuing financial papers;
- (2) Authorized companies of financial services, consultations and mediation;
- (3) Authorized banks, investment companies and mutual investment funds;
- (4) Financial markets;
- (5) Accredited accounting and auditing firms and offices.

Article 7 – Board's duties

The board shall carry out the Agency's functions specified in this Law as well as in the regulations, orders and instructions issued hereunder, including:

- (1) Formulation of the criteria and conditions of issuing financial papers;
- (2) Formulation of the policies that serve the achievement of objectives and functions mandated to the Agency;
- (3) Approval of launching the financial papers and advocacy of the issuance publications related to these papers;
- (4) Submission to government entities of proposals that help develop and upgrade the financial sector and avail protection to investors and dealers in financial papers;
- (5) Approval or grant of such permits for professional practice to finance firms operating in markets as are issued under this Law, and restriction, suspension, discontinuance or cancellation of these permits in the case of any person or entity governed by the Agency's control and supervision, as the board may deem appropriate.
- (6) Suspension of the financial markets' activities for no longer than one day and, where necessary more than one day under an order by the Prime Minister following a proposal by the commissioners' board;
- (7) Approval to include, cancel, or suspend the inclusion of any financial paper pertaining to a Syrian company or entity and negotiated in any financial papers market outside the territories of the Syrian Arab Republic;
- (8) Banning the circulation of any financial paper in financial markets or suspension of its issuance or negotiation if the Agency so deems necessary;
- (9) Determination of the fees charged to issuance of permits to various entities subject of the Agency's control and supervision, renewal of these permits, and determination of the fees charged to approving the issuance of financial papers' publications;
- (10) Proposal of fines chargeable under a decree to those who commit violations of this Law;

(11) Determination of a maximum and a minimum for the commissions received by financial service companies and mediation firms from their clients, and approval of the financial counterpart and other commissions charged by financial markets;

(12) Adoption of accounting criteria, auditing criteria and performance evaluation criteria which must be observed by the entities subject of the Agency's control; and determination of the criteria and conditions which must be satisfied by auditors qualified to audit the accounts of entities subject of the Agency's control and supervision;

(13) Determination of the content form of annual and periodical financial lists and of the reports and documents to be submitted by issuing authorities that offer financial papers to the public or by the entities whose papers are listed in financial markets;

(14) Determination of the statements and information to be included in the issuance bulletin by companies and entities which issue financial papers;

(15) Issuance of implementing instructions, orders and procedures required for application of this Law;

(16) Proposal of the Agency's bylaws and other regulations;

(17) Drawing up of regulations and rules for overseeing and supervising the entities subjected to the Agency's supervision under this Law;

(18) Drawing up of the legislations and regulations related to financial papers;

(19) Appointment of a licensed auditor to audit the Agency's financial accounts and lists;

(20) Drawing up of the Agency's draft annual budget and submitting it to the Prime Minister for sanctioning it.

Article 8

Any one who becomes an employee of the Agency's or a member of its board should submit to the Agency a declaration about the Syrian and non-Syrian financial papers listed in Syrian markets and owned by him or under his disposal or that of his next kin and about any subsequent change in these papers within 7 days from the date on which this change becomes known to him; failing that, his membership in the board will be cancelled or his post in the Agency will be forfeited.

Article 9

The full time members and employees of the Agency's commissioners board may not exercise any other profession or occupation, including a post or job in a government entity or in any public or private firm; nor may any members of the commissioners board provide advice to private companies and firms

Article 10

The board chairman shall be the Agency's CEO who implements its policies and is its disbursement officer and responsible for its management. For this purpose he shall:

- (a) Carry out the resolutions passed by the board;
- (b) Sign severally or jointly the Agency's reports, accounting statements, financial lists, documents and correspondence in accordance with the Agency's regulations; and
- (c) Represent the Agency before the judiciary and third party.

Article 11

A – The board vice-chairman shall assume the board chairman's functions in case of the latter's lawful absence or post vacancy.

B – The board chairman may delegate some of his powers to another board member or Agency official, such delegation to be specified and in writing.

Article 12

A - Following a convocation by its chairman or a request by a majority of its members, the board shall meet once a month at least. For such meeting to be deemed legal, it should be attended by five of the board members including the board chairman and vice-chairman.

B – The board resolutions should be passed by majority vote. In case of a tight vote, the board chairman will have a casting vote.

C – The agency's internal regulations shall specify the conditions of holding a meeting and its requirements including the convocation to the meeting.

Article 13

A – The Agency shall have its own independent budget where the financial year will start on 1st January and end on 31st December.

B – The Agency shall keep a general reserve that equals double the total of its costs listed in its preceding annual balance sheet and consists of the surplus of the Agency's resources after deduction of all capitalized and current costs required by the Agency. The amounts in excess of this reserve shall be credited to the Finance Ministry.

C – If there is a deficit in the Agency's balance sheet at any financial year, it should be covered from the general reserve. If this reserve does not suffice to cover the deficit, it shall be covered by the Finance Ministry.

Article 14

A – The Agency's financial resources shall consist of:

- (1) The fees and commissions received by the Agency in accordance with this Law and the regulations issued thereunder;
- (2) The fines charged to violations under this Law;
- (3) The grants-in-aid, donations and offerings received by the Agency, provided these are approved by the Prime Minister.

B – The fees and commissions received by the Agency shall be charged to:

- (1) Registration of financial papers' issuance and grant of permits;
- (2) Listing or acceptance of financial papers' negotiation in financial markets;
- (3) Negotiation and transfer of the title of financial papers;
- (4) Approval or issuance of permits to financial service or mediation firms or to investment companies;
- (5) Any other services proposed by the board and approved by the Prime Minister.

Article 15

Within three months from a financial year's expiry, the board chairman shall put up to the Prime Minister an annual report on the Agency's activities and financial standing in the preceding financial year.

Article 16

The Agency may institute any inquiry, inspection or verification to determine whether any entity or person has committed or is attempting a violation of any provision in this Law or in the regulations, instructions and orders issued hereunder.

With or without a prior notice, the Agency shall be entitled to check and inspect the documents, records and books of any entity subject of the Agency's control and supervision and obtain copies thereof.

Article 17

There shall be considered a violation of this law:

- (1) Breach of the regulations, instructions and orders issued by the Agency under the provisions of this Law;
- (2) Non-response by any person or entity subject of the Agency's control and supervision to submit the required documentation during the specified periods and deadlines;
- (3) Submission of untrue or misleading statements or information in any of the documents produced to the Agency;
- (4) Offer or sale of financial papers on the basis of untrue or misleading statements or information whether as to the rights and privileges underlying these papers or the nature of activities and the financial standing of the companies issuing these papers;
- (5) Exploitation of a person on the basis of his job or post to obtain classified or confidential information related to financial papers in order to invoke material or moral gains or divulge such information to other than the appropriate reference or judiciary;
- (6) Dissemination of rumors or imparting of untrue or misleading statements or information on any financial paper for the purpose of affecting its price or the reputation of its issuing company;
- (7) Verification by an auditor or accountant of untrue or misleading financial statements or those running counter to the adopted accounting and auditing criteria;
- (8) Use of luring financial analyses that contradict the company's financial standing and the authentic convictions reached by the office of financial and investment consultations;
- (9) Sale or disposal of financial papers without their owner's written authorization or the presence of an authorizing agreement;
- (10) Failure to distribute to investors the issuance publication approved by the Agency;
- (11) Breach of the Agency's instructions on the nature of information and statements to be embodied in the financial papers bulletin;
- (12) Sale of financial papers in the absence of an issuance bulletin approved by the Agency;
- (13) Provision of any financial or investment services or financial mediation related to financial papers with obtention of a permit from or before these are approved by the Agency;
- (14) Any deceit, fraud or fudging in the activity of issuance, negotiation or title transfer of financial papers, or any prohibited practice or misleading information related to the activities and business authorized by the Agency.

Article 18

Without prejudice to any severer penalty prescribed in the applicable laws and regulations:

A – There shall be sentenced for no less than 3 months and no more than three years, along with a fine, any one who commits the violations prescribed in clauses (3), (4), (5), (6), (7), (9), (12), (13) and (14) of the above article 17.

B – The remaining violations will be subject to a fine.

C – The fines mentioned in A and B above shall be credited as compensation to the Agency.

D – The violating corporate entity's directors, administration staff, general partners and staff concerned shall be deemed liable for the violation unless otherwise it is established that they had no knowledge that such violation has been committed.

Article 19

The classified information accessible to the board members and agency's staff shall be treated confidential under the pains of legal liability. However, the board may for justified reasons divulge any information it deems necessary for protection of investors.

Article 20

With due observance of the applicable laws and regulations, public and other entities should furnish the Agency with the documents and information which the Agency requests for the purpose of carrying out its dues under this Law.

Article 21

A – the Agency's accounts verified by the Agency's appointed auditor shall be reviewed by the Financial Control Central Authority which shall put up the relevant report to the Prime Minister.

B – After approval of the balance sheet and closing accounts by the Financial Control Central Authority, the board of commissioners' chairman and delegated members shall be disclaimed for no longer than two years after expiry of their tenure.

Article 22

A - Six months after nomination of its members, the commissioners' board will elaborate a draft law for establishment of the Syrian financial papers market.

B - Six months as well after nomination of its members, the commissioners' board will issue the relevant instructions for implementation of this law.

Article 23

This Law shall be published in the Official Journal.

Damascus, 19.06.2005

President of the Republic
Bashar Assad