

Law Number 3

**The President of the Republic,
After having perused the Constitution,**

**And following the approval of the People's Assembly in its session held
14/1/1431 Hijri, corresponding to 30/12/2009 A.D**

Has decreed the following

Article 1

Article 6 of law number 28 of the year 2001 shall be modified as follows:

A-The following shall be stated in the Bank charter:

1-the capital of the bank, provided it shall not be less than /10/ billion Syrian pounds.

2-number of shares of distributed capital and the value of each share, provided this value is not less than /500/ Syrian pounds.

3-the shares of the founders to be in aggregate not less than 25% twenty five percent of the capital of the bank at the time of application, and no more than the maximum limit of the percentages stated in this law regardless of the maximum limit of the founders' shares stipulated in corporate law number 3 of the year 2008.

4-the percentage of the contribution of the public banking and financial sectors in the capital of the bank; the bank shall not be considered as corporate unless the aggregate of the percentages of contribution of the public banking and financial sector amounts to the percentage decided for it in article 1 of law number 28 of the year 2001.

B-The aggregate of contributions by legal persons, whether Syrian, Arab or foreign, shall not at anytime exceed 60% of the bank capital; this percentage may, however, be raised up to 75% provided that this increase be allocated for the contributions of the public banking and financial sector.

C-The share of a natural person in the bank capital shall not at anytime exceed 5% of the capital; the shares of wife and children of this natural person may be considered within this maximum limit allowed.

D-when reviewing charter applications consideration should be given to the participation of legal persons in the bank capital, and to the banking expertise, world fame, and financial solvency these persons enjoy according to the prevailing international rules and standards.

Article 2

Article **7** of law number **28** of the year 2001 shall be amended as follows:

A-the authorized capital of the bank must be stated in the bank charter, so must be the paid capital of the bank at establishment, provided it is not less than 50% of the authorized capital.

B-shares that exceed the founders' shares shall be open to public issue.

C-Payment of the authorized capital must be completed within three years from the start of bank operation; during this period the bank may suspend distribution of profits to shareholders.

Article 3

Paragraph **C** of Article **9** of law **28** of the year 2001 shall be amended as follows:

C-In all cases, the percentage of ownership by non-Syrians should not exceed 49% of bank capital; however, this percentage may be raised up to 60% by approval from the prime ministry following a proposal by the Credit and Monetary Board, provided that the largest share goes to the strategic partner representing a banking institution of good international repute, distinguished banking expertise, and very stable and strong financial indicators.

Article 4

A- Article **4** of the legislative degree number **35** of the year **2005** shall be amended as follows:

1-The authorized capital of an Islamic bank must be stated in the bank charter provided it is not less than /15/ billion Syrian pounds distributed over nominal shares of a value of not less than /500/ Syrian pounds per share; the paid capital of the bank at establishment must also be stated in the charter provided it is not less than 50% of the authorized capital.

2-shares that exceed the founders' shares shall be open to public issue.

3-Payment of the authorized capital must be completed within three years from the start of bank operation; during this period the bank may suspend distribution of profits to shareholders

B- Islamic banks are subject to all other regulations and rules stipulated in this law provided there is no contradiction with the regulations of decree number 35 of the year 2005 that regulates the establishment of Islamic banks.

Article 5

Licensed banks shall be given a period of three years before the enforcement of this law to adapt by increasing their capitals to the required minimum limit stipulated by the provisions of this law.

Article 6

Licensed banks may not, before the enforcement of this law, increase the percentage of contributions by legal persons, whether Syrian, Arab, or foreign, from 49% to 60% or 75%; neither may these banks increase the percentage of ownership by non-Syrians from 49% to 60% unless this increase is accompanied by an increase of the capital of these banks of not less than 50% of the minimum limit of capital stipulated in this law, and unless there is no violation to the provisions of enforced laws and regulations. Furthermore, prior permission should be obtained from the prime-ministry by virtue of a proposal from the Credit and Monetary Board, in cases whereby the banks wish to increase the total of the percentages of contributions by legal public banking and financial persons, or the percentage of ownership by non-Syrians according to the provisions of this law.

Article 7

Public banks remain subject to the regulations listed in their establishment charters in terms of the minimum limit of capital.

Article 8:

The decree shall be published in the official newspaper.

Damascus 19/1/1431 H; corresponding to 4/1/2010 A.D

The president of the Republic

President Bashar Al Assad