

Law No. 23

Of the Central Bank of Syria And the Basic Monetary Order

Posted On: 2002-10-27 03:28:06

■ Law No. 23 Relevant to the Formation of Credit & Monetary Council

Posted On: 2002-10-27 03:28:06

Republic President,

Pursuant to the constitution provisions,

what has been approved by People's Assembly in its session of 27/9/1422 H corresponding to 12 December 2001,

promulgates the following:

Chapter One

Credit and Monetary Council

Article 1:

1. The Credit and Monetary Council shall undertake the task of organizing the credit and monetary institutions in the Syrian Arab Republic and coordinating their activities to fulfill the below stated objectives within the limits of its prerogatives and within the state public economic inclinations decided by the cabinet:

A-Development of the monetary and financial market and the organization thereof according to the national economy needs.

B- Maintain the purchasing power of the Syrian currency.

C-Realize stability of the foreign exchange rate of the Syrian currency and secure free exchange thereof to other currencies.

D-Expand possibility of utilizing resources and potentials and work towards the development of national income.

2. For this purpose, Credit and Monetary Council shall undertake:

- A- Establish the monetary policy in the Syrian Arab Republic and manage it pursuant to the state general strategy and national economy needs inclusive these policies related to price stability, purchasing power of the national currency, and policies of credit, interest, banking saving and exchange rates.
- C- Follow up on the banking apparatus, discuss all issues relevant to banking work, activities of relevance and take appropriate decisions through the Central Bank of Syria.
- D- Organize transactions of payment and settlement inclusive current transactions by means of electronic tools.
- E- Supervise banking profession and direct its activities according to the provisions of chapter four of this law via the Central Bank of Syria.
- F- Conduct necessary surveys and studies related to its tasks or commissioned thereto by the executive authority.
- G- Undertake the task of the state financial consultant and submit in this capacity, the opinions it deems appropriate about the affairs related to its prerogatives. The government shall consult it regarding the measures and matters related to the financial, monetary and banking situation of the S.A.R.
- H- Expand all prerogatives and tasks defined thereto in the laws and regulations in force.

Article 2:

1. Credit and Monetary Council shall comprise: 1- Governor of the Central Bank of Syria - president 2-First deputy of the Central Bank of Syria Governor-vice president. 3- Second deputy of the Central Bank of Syria Governor-member. 4- Assistant Minister of Economy and Foreign Trade-member. 5- Assistant Finance Minister-Member. 6- Assistant Minister of Agriculture and Agrarian Reform-Member. 7- Assistant Industry Minister-Member. 8- Head of State Planning Authority-Member. 9- Three experts in monetary, credit and banking affairs-Members.

2. Governor of the Central Bank of Syria and his two deputies are definitely considered members of the Council. Other members shall be named by a decree upon the proposal of their ministries and bodies they represent. Upon the selection of experts, it must be observed that they are renowned in science, practical experience and technical expertise.

1. 3. Council president and members shall carry out the tasks assigned thereto with complete objectivity and neutrality.
2. 4. It shall not be the right of the expert members of the Credit and Monetary Council to be members in the board of any commercial company or a company of a commercial nature except for the international financial institutions or the local financial institutions under the state management. They shall also have no right to be responsible in any capacity whatsoever for the management of private establishment of a commercial nature.
3. 5. Remunerations of the council president, his two deputies and other members shall be defined by a decree upon the proposal of the Minister of Economy and Foreign Trade without adherence to the controls and maximum limits stipulated in the laws in force.

Article 3:

The council shall have the right to seek the assistance of experts, call to its meetings, in consultation and for a certain purpose, all persons deemed to be beneficial for the performance of its tasks. Remunerations of said persons shall be defined by the council and they shall be issued by a decree upon the proposal of the Minister of Economy & Foreign Trade.

Article 4:

Discussions and decisions of the council are definitely considered confidential.

Article 5:

Central Bank of Syria shall act as the secretary of the Council.

Article 6:

Secretary of the Central Bank of Syria shall carry out the tasks of the Credit and Monetary Council's Secretary and he shall report decisions of this Council to the concerned bodies.

Article 7:

1. 1. The council shall enjoy, within the limits drawn thereto by this law, the widest prerogatives in performing its tasks.
 2. 2. Public departments and bodies and public and private financing, credit and exchange institutions shall have to provide the Council through the Central Bank of Syria with all information requested thereby as it deems necessary to perform its tasks.
 3. 3. The Council shall set its policy.
-
1. 1. The Council shall convene once a month at least upon the call of its president or three members at least.
 2. 2. Meetings of the Council shall not be considered legal unless attended by absolute majority of its members. Decisions shall be taken by majority of attending members unless stipulated otherwise by this law. In case of equal vote, the president shall have the casting vote.
 3. 3. Decisions taken by the Credit and Monetary Council shall be notified to the Minister

of Economy & Foreign Trade and the Minister shall have the right to suspend the implementation of any decisions he deems contrary to the interest of the state for a maximum period of seven days during which the decision shall be reviewed once again by the Council. In case the difference of viewpoints continues to exist, the Minister of Economy & Foreign Trade must urgently present the subject to the cabinet to take its decision thereon soonest possible.

Article 9:

1. 1. In addition to the other duties imposed by this law, it shall be prohibited for the members of the Credit and Monetary Council to disclose any of the information they know by virtue of their tasks unless they are summoned for witness before the jury.
2. 2. This prohibition shall be applicable for the persons and staff whose assistance is sought by the council in the course of performing its task in any way whatsoever.
3. 3. It shall be prohibited for the experts who are members of the Credit and Monetary Council, during their membership in the Council and two years after its expiry, to assume the chairmanship or membership of any of the banks or the financial institutions under the Council supervision or to accept any work therewith whatever its type is.
4. 4. Violator to the provision of this article shall be subject to legal accountability and the punishment stipulated in the laws in force shall be applied to him.

Article 10:

1. The Credit and Monetary Council shall submit the information requested therefrom by the Minister of Economy & Foreign Trade. It shall also submit a quarterly report (every three months) on the execution of its task, the monetary and financial situation in the Syrian Arab Republic. Moreover the Council may submit reports to the Minister upon need. The regular report must show an overall situation of various aspects particularly:

- . • Credit operations to all economic sectors.
 - . • Credit operations to the public departments and institutions.
 - . • Status of the monetary coverage.
 - . • Development of exchange markets situation.
2. 2. Gives proposals on the current situations and needs of national economy.
 3. 3. Except for scientific studies, the Council shall not have the right to publish any thing except for what is sanctioned by the law or what is approved by the Minister of Economy & Foreign Trade. It is also forbidden for the Council, except for its president, to give any speech related to the work of the Council on its discussions.

Central Bank of Syria shall bear all expenses of the Council. It shall also bear all remunerations of its members and consultant experts whose assistance is sought pursuant to provisions of article 3 of this law.

Chapter Two

Currency

Section One

General Provisions

Article 12:

1. 1. The standard unit of the Syrian currency is the Syrian pound which is referred to by S.P.
2. 2. The Syrian pound consists of one hundred piasters and it shall be referred to by S.P.

Article 13:

1. 1. Without prejudice to the provisions of International Monetary Fund Agreement and its amendments and the international and Arab monetary agreements that the state concludes or joins, the exchange system and external exchange rate of the Syrian pound shall be determined by a decision issued by the cabinet upon the proposal of the Credit and Monetary Council and Ministry of Economy & Foreign Trade.
2. 2. Exchange rates of transferable foreign currencies shall be determined on basis of their exchange rates prevailing in the international markets. However, exchange rates of non-transferable currencies shall be determined by a decision of the Credit and Monetary Council.

Article 14:

1. 1. Issue of money papers, official gold and silver species and monetary coins is a prerogative confined in the state and the Central Bank of Syria shall exercise this prerogative pursuant to the provisions of this law.
2. 2. Central Bank of Syria shall be exempted from all taxes, fees and financial impositions of any type whatsoever regarding the import of the items stated in para /1/ of this article and the contracts of these items as well as all machines, tools and sets used for their counting, sorting and testing and the costs arising from their storing, transporting and preserving and all sets related to their payment and circulation.
3. 3. Whoever violates or tries to violate said prerogative shall be subject to the punishments stipulated in the laws in force.

Money Papers

Article 15:

1. 1. Money papers under this law are those papers to the order of bearer issued in Syrian pounds by the Central Bank of Syria in implementation to the provisions of this law.
2. 2. The papers shall have the legal circulation capacity and unlimited absolving power for the payment of all public and private debts.

PartOne

Issue, Circulation and Withdrawal of Money Paper

Article 16:

1. 1. It is possible to issue money paper of the following categories: one pound, two pounds, five pounds, ten pounds, twenty-five pounds, fifty pounds, a hundred pounds, two hundred pounds, five hundred pounds and one thousand pounds.
2. 2. Money papers shall bear the signatures of the Minister of Economy & Foreign Trade and the Governor of the Central Bank of Syria.

Article 17:

1. 1. Dimensions, pictures, colors and all descriptions of money papers shall be specified by a decision from the Minister of Economy & Foreign Trade upon the proposal of the Central Bank of Syria.
2. 2. Money papers shall be put in circulation by a decision from the Minister of Economy and Foreign Trade upon a proposal from the management committee of the Central Bank of Syria.

Article 18:

1. 1. Central Bank of Syria shall withdraw from circulation those money papers that no longer meet the technical conditions that make them fit for circulation.
2. 2. Incomplete or deformed money papers may be exchanged if they meet the following three conditions at one time.
 - Area of the paper meant for replacement is more than three fifths of the original one.
 - The paper must bear the two signatures imposed in article 16 in full.
 - The paper must bear one of the serial numbers in full.

Except for the above-mentioned conditions, the incomplete or deformed papers are withdrawn without any payment to the bearer unless it is proven to the Central Bank of Syria that deformity has been caused as a result of force majeure.

3. Central Bank of Syria shall not be held responsible in any form whatsoever for the loss of any quantity of money paper circulated among the public banks, public funds or the theft thereof.

Article 19:

1. 1. Withdrawal of one category or more of the money papers or the exchange thereof shall be effected by a decree upon a recommendation of the Credit of the Monetary Council and proposal of the Minister of Economy & Foreign Trade.
2. 2. This decree shall define the exchange period that can never be less than three months unless there is a need for expediting the withdrawal, then it is possible to shorten this period provided that it is not less than seven days.
3. 3. Withdrawal decree shall be announced to the public through all appropriate means.

Article 20:

1. 1. Money papers that are not submitted for changing prior to the expiry of the defined period shall lose their dissolving power and shall be dropped from circulation. The Central Bank of Syria, in its headquarter in Damascus, shall, within five years as of the start of the withdrawal process, pay the value of papers submitted for changing without receiving any expense.
2. 2. With the end of the five-year period, provisions of prescription shall be applicable to the papers that are not submitted for changing and their value is up to the Central Bank.

Part Two

Monetary Coverage

Article 21:

1. It is impermissible to issue any monetary piece unless it has an equivalent increase thereto in the following assets of the Central Bank of Syria:

A-Gold

B-Claims in the transferable foreign currencies.

C-Claims in the Syrian pounds generated from credit operations to

all economic sectors. D-Public bonds of short, medium or long term issued or guaranteed by the state as well as credits and loans similar to those bonds.

1. 2. Ratio of gold and transferable foreign currencies placed for coverage must be at least 40% (forty percent) of the total coverage components.
2. 3. In application of the provisions of this part, total obligations of the Central Bank of Syria on demand are considered similar to issued money papers.

Article 22:

1. 1. It is impermissible to accept in the gold coverage except the assets that consist of monetized gold or gold moulds
2. 2. The cabinet, upon the proposal of the Minister of Economy & Foreign Trade, shall define the places where gold under coverage must be put.

Article 23:

1. 1. Central Bank of Syria shall record the golden assets placed under coverage at the cost price or market price whichever is less.
2. 2. Purchase prices shall be defined on basis of the internationally posted price.
3. 3. Credit and Monetary Council shall define the selling prices of gold assets according to the internationally posted price taking into consideration molding costs and allowances of the historical value of moulds.

Second: Coverage in transferable Foreign Currencies.

Article 24:

1. It is impermissible to accept in the coverage of foreign currencies except the following assets: A-Transferable foreign money papers. B-Assets in transferable foreign currencies registered at the international, and governmental institutions and foreign banks in an account under demand or for a term that does not exceed one month. C-Bank deposit certificates in transferable foreign currencies for terms that does not exceed one year. D-Commercial bonds to the order of somebody edited in transferable foreign currencies withdrawn from Syria to abroad whose maturity does not exceed 120 days guaranteed by three signatures of solvency of which one is a banking signature. E-All liability bonds on demand edited in transferable foreign currencies due

abroad used in general in international money transfers.

F- Bonds of medium or short terms issued by international countries or Arab or international official financial institutions or guaranteed by those countries or bodies. This shall be by the approval of the Credit and Monetary Council provided that these bonds enjoy high international credit evaluation of excellent degree.

1. 2. Credit and Monetary Council shall specify the transferable foreign currencies that may be accepted in coverage. It shall also specify the degree of credit evaluation of the papers allowed to be accepted in the coverage and specify, upon need, the maximum amounts for each type of them.

2. 3. Assets in transferable foreign currencies placed under coverage shall be registered in a special field.

1. 1. The Central Bank of Syria shall register the transferable foreign currencies placed under coverage at their exchange prices defined pursuant to provisions of article 13 of this law on purchase date.

2. 2. It is impermissible that selling and purchasing prices of transferable foreign currencies against the Syrian pounds differ from posted exchange rate except within the limits specified by the Credit and Monetary Council.

Article 26:

Profits and losses resulting from the amendments effected on the posted exchange rate of transferable foreign currencies placed under coverage or due to any force majeure shall revert to the state.

Third: Claims Arising from Credit Transaction

Article 27:

1. It is impermissible to accept in the coverage of Credit transactions for all economic sectors except the following assets :

First: Promissory notes and all other commercial bonds edited to the order of somebody in Syrian pounds.

Second: loans and advance payments in Syrian pounds that get mature by a specific period against the mortgage of the following:

A- Minted gold or golden moulds.

B-Public bonds for short, medium or long terms issued or guaranteed by the state and all public bonds accepted by the Credit and Monetary Council and approved by Minister of Economy & Foreign Trade.

C-Promissory notes and commercial bonds. D-All in kind values acceptable to the Credit and Monetary Council particularly the receipts issued by public stores and goods.

2. Term of promissory notes and commercial bonds maturity subject of discussion in para1 of first item must not exceed 120 days at most as of date of submission. It is also impermissible that period of advance payments and loans subject of discussion in para1, second item exceed 120 days.

It is possible, by a decision from the Credit & Monetary Council, to extend the term of promissory notes, commercial bonds and period of loans and advance payments to 200 days if they were related to industrial or agricultural credits or to the export of industrial or agricultural Syrian products abroad.

Article 28:

1. 1. Promissory notes and commercial bonds stipulated in item first, para1, article 27 must initially bear three signatures of solvency
2. 2. It is permissible to replace two signatures by one signature guaranteed by the state.
3. 3. It is possible that one mortgage stipulated in para1, item second, A, B, C, D of article 27 replaces one signature or two signatures according to the terms and conditions determined by the Credit& Monetary Council in policy attested by The Minister of Economy& Foreign Trade.

Article 29:

1. 1. Loans and credits referred to in article 27 must be guaranteed by a solvent signature whether it is an original or additional one.
2. 2. Credit and Monetary Council shall determine the cases in which the mortgage stated in article 27 can be exceptionally replaced by two solvent signatures.

Article 30:

Credit& Monetary Council shall set a policy to be attested by the Minister of Economy& Foreign Trade indicating the following:

A-Basics that must be observed to accept promissory notes, commercial bonds, credits and notes subject of discussion in articles 27, 28 and 29 in the monetary coverage.

B-Types of goods and items that can be mortgaged and the ratio that must be dropped from their sale value.

C-Public bonds that may be mortgaged and the ratio that must be dropped from their national or sale value.

D-The price of accepting gold upon mortgage.

Article 31:

The Central Bank of Syria shall register the commercial bonds referred to in article 27 according to their nominal value.

Article 32:

Without prejudice to the provisions of article 27 and the articles thereafter, law No. 177 for 1958 relevant to the Industrial Bank, Legislative decree No. 29 for 1966 and its amendments in Law No. 11 for 1975 relevant to the Real Estate Bank, legislative decree No. 141 for 1970 amended by law No. 27 for 1990 relevant to Cooperative Agricultural Bank, it is possible to place the loans and credits granted to governmental credit institutions in the coverage within the limits and terms defined by the Credit and Monetary Council on condition that:

- A. Ratio of loans of more than one year term must not exceed a specified

percentage of the total loans and credits approved by the Central Bank to be granted to any bank provided that this percentage is specified for each bank by the Credit and Monetary Council pursuant to the nature of the financed activity.

- B. Against those loans and credits, the aforementioned institutions must mortgage their claims that accrue from these loans and credits within their terms and that Central Bank of Syria must replace these institutions in all rights relevant to these claims.
- C. Nominal value of the mortgaged claims must be more than loans or credit by one third at least.
- D. Said claims must be documented by a real estate mortgage or any other in kind guarantee acceptable by the Credit and Monetary Council.

Credit and Monetary Council shall determine the following according to the requirements of the economic situation:

- A. Maximum amount for deduction operations on one hand and for the loans and credit operations on the other hand. It shall also, if the need requires so, specify the distribution of these transactions among the various economic fields. The Council may also determine the distribution of the ceilings of these transactions among the banks.
- B. Interest ratios on deduction, the credit and loans operations and their general conditions.

Fourth

Public bonds and loans and credits similar thereto:

Article 34:

It is impermissible to accept in the coverage of the public crediting operations except the following claims:

1. 1. The frozen state debt evaluated at the date of this law enforcement.
2. 2. A credit without interest granted to the Finance Ministry to secure cash money to the treasury not in excess of twenty percent of the revenues of the estimated budget for the current cycle within the following conditions:

A. This credit should not exceed one fifth of the actual revenues of the past cycle.

B. This credit must be paid before the end of the third quarter of the current financial year.

1. 3. Treasury bonds issued or that may be issued by the state against the guarantees stipulated in articles 26 and 66 of this law. These bonds must be without interest.

2. 4. Treasury bonds issued by the state against its underwriting in the International Monetary Fund (IMF), the International Bank, the international and Arab financial institutions, regional institutions defined by law, state contributions in the capital of Arab and international companies whose agreements or articles of associations are attested by a legislative deed.

3. 5. Treasury bills and bonds upon need required for the public interest and requirements of economic and social development and loan bonds issued by the

state or guaranteed thereby provided that these bills or bonds are issued by legislative bill.

4. 6. Bonds signed by owners and beneficiaries from irrigation projects edited thereby against cost recovery resulting from the irrigation and reclamation of lands included in these projects, their improvement or sale. These bonds must be accompanied by a real estate mortgage or any other in-kind guarantee acceptable to the Credit or Monetary Council that determines the maximum amounts that may be borrowed pursuant to this paragraph.

Public bonds placed in the coverage shall be registered in their purchase price if the price is equal to the value of their payment or less than them. Value of their payment shall be registered if the purchase price is more than them.

Part Three:

Money and Official Silver and Golden Species:

Article 36:

1. 1. Without prejudice to the provisions of article 14, minting of money and official silver and gold moulds shall be restricted to the Central Bank of Syria.
2. 2. The golden or silver coins shall not have the legal circulation capacity unless decree is issued upon the proposal of the Credit and Monetary Council stipulating otherwise.

Article 37:

1. 1. Minting of money and silver and golden moulds shall take place upon the proposal of the Credit and Monetary Council and the approval of the Minister of Economy & Foreign Trade.
2. 2. Type of the golden and silver prices, caliber, weight, measurement, tolerance degree, all other specifications and maximum quantities required to be minted from each category shall be determined by a decree issued upon the recommendation of the Credit and Monetary Council and proposal of the Minister of Economy & Foreign Trade.
3. 3. The golden and silver coins shall be put in circulation by a decision from the Minister of Economy & Foreign Trade upon the proposal of the Credit and Monetary Council.

Article 38:

Costs of metals purchase and minting and all additional costs shall be born by the Central Bank of Syria.

Article 39:

The Central Bank of Syria shall place the golden and silver coins in circulation for its account according to the principles determined by the Minister of Economy & Foreign Trade upon the proposal of the Credit and Monetary Council inclusive these costs relevant to minting and all expenses and commissions on basis of receiving it from purchasers a weight of pure gold or silver equal at least to a weight of pure gold or silver specified pursuant to article 37 of golden or silver coins that are waived.

Article 40:

1. 1. Golden or silver moulds shall not be put in circulation until their caliber and weight are verified.

2. 2. Minutes of the audit operations shall be deposited at the Central Bank of Syria as well as depositing the tools used in this audit.

Article 41:

1. 1. Each piece that meets the legal caliber and tolerance percentage in its weight is confirmative to provisions of article 37 shall be considered correct.
2. 2. Golden or silver pieces that become incorrect due to erosion or use or that become, for any reason, broken or whose teeth are wiped out or rasped or when additional inscription is placed thereon, holes made therein, welded, washed by highly effective chemical liquids or those that in general have their shape is changed or deformed shall be broken by state fund's cashiers or by the Central Bank of Syria and shall be returned to their owners.
3. 3. Forged or faked pieces shall be seized and Minutes of seizure shall be organized and sent to the public attorney to effect the legal matching pursuant to the provisions of laws in force.

Section Four

Money of Small Categories

Article 42:

Money of small categories mean the non precious coins issued by the state pursuant to the provisions of this law.

Article 43:

Money of small categories shall be minted in the following groups:

Twenty-five piasters, fifty piasters, one hundred piasters, two pounds, five pounds, ten pounds, twenty-five pounds.

Article 44:

1. Money of small categories shall enjoy the legal circulation capacity and shall have an absolving power in the payment of debts and claims within the following maximum limits:
 - A. Fifty 50 Syrian pounds for pieces of 25 twenty-five and fifty Syrian piasters.
 - B. One thousand Syrian pounds for pieces of one hundred Syrian piasters category.
 - C. Two thousand Syrian pounds for pieces of two Syrian pounds.
 - D. Five thousand Syrian pounds for five Syrian pounds category.
 - E. Ten thousand Syrian pounds for pieces of ten Syrian pounds category.
 - F. Twenty-five thousand Syrian pounds for pieces of twenty-five Syrian pounds category.
2. However, state funds, Central Bank of Syria funds and of the banks registered according to the provisions of chapter four of this law shall have no right to refuse receiving the small coins of a value exceed the above-mentioned limits. They have to accept the small pieces of various categories without limitation of quantities whether for changing money papers or for payment of debts thereby.

Article 45:

1. 1. Small coins minting shall be effected by the Central Bank of Syria upon the proposal of the Credit and Monetary Council and the approval of the Minister of Economy & Foreign Trade.
2. 2. By a decision from the Minister of Economy & Foreign Trade, upon the proposal of the Credit and Monetary Council, the metal of coins pieces of small categories, their caliber, weight, dimensions, percentage of tolerance therein, all other descriptions and the maximum quantities required to be minted for each category shall be determined.
3. 3. Categories of small coins shall be put in circulation by a decision from the Minister of Economy & Foreign Trade upon the proposal of Credit and Monetary Council.

Article 46:

The Central Bank of Syria shall bear the expenses of purchasing small coin metals, their minting expenses, all additional expenses as well as expenses of their circulation and all management expenses.

Article 47:

1. 1. The Central Bank of Syria shall place money of small categories in circulation according to the need.
2. 2. Said bank shall register, in a special account, the nominal value of the quantities placed in circulation, it shall also register the nominal value of the quantities withdrawn from circulation in same account.

Article 48:

1. 1. The Central Bank of Syria shall withdraw from circulation coins of small categories deemed not meeting the technical conditions that make them valid for circulation.
2. 2. Small coins pieces that lost their features, cut, of deformed teeth, fined, carrying holes therein, washed by chemicals, deformed or of changed shapes shall be withdrawn from circulation without indemnity to their holders.

Article 49:

1. 1. The Minister of Economy & Foreign Trade shall have the right to decide withdrawing a category or more of the small coins and change them upon the proposal of Credit & Monetary Council.
 2. 2. Said withdrawal decision shall decide the change period that may not be less than six months upon the proposal of Credit & Monetary Council.
 3. 3. The coins that are not submitted for change prior to the expiry of the defined period shall lose their absolving power, shall be dropped from circulation and their value shall be the Central Bank's finally.
-
1. 1. It shall be prohibited, under liability of the punishments stipulated in the laws in force, to sell coins of small categories and purchase them while they have legal circulation in Syria for a price in excess of their nominal value or for an additional amount. It shall be also banned to melt them or change their features in any means.
 2. 2. The Minister of Economy & Foreign Trade shall have the right to lift this ban by a justified decision.

Chapter Three

Central Bank of Syria

Section One

General Provisions

Article 51:

1. 1. The Central Bank of Syria is a public institution of a financial and administrative independence that carries out the Monetary policy decided by the Credit and Monetary Council. It operates under the state supervision and guarantee, within the general trends of the economic policy approved by the cabinet.
2. 2. The Central Bank of Syria shall enjoy the judicial personality. It is considered a merchant in its relations with others, conducting its transactions, organizing its account according to the banking rules and norms and the international criteria. It shall not be subject to the general rules and regulations of state accounting laws.
3. 3. The Central Bank of Syria shall be allowed to use the state emblem combined with its commercial address.

Article 52:

1. 1. Damascus is the headquarters of the Central Bank of Syria.
2. 2. The Central Bank of Syria shall open branches or agencies thereto at all locations where need calls thereto.

Article 53:

Capital of the Central Bank of Syria shall be defined by ten billion Syrian pounds in which the state underwritten in full.

Article 54:

Articles of association of the Central Bank of Syria shall be issued by a decree upon the proposal of the Credit and Monetary Council and the approval of Minister of Economy & Foreign Trade.

Objectives of the Central Bank of Syria

Article 55:

The Central Bank of Syria shall exercise, to the account of the state, the prerogative of issue of money pursuant to the provisions of chapter two of this law. It shall also perform all tasks stipulated in said chapter.

Article 56:

1. 1. The Central Bank of Syria is the state's bank. It shall exercise its functions within the territories of the Syrian Arab Republic and outside them.

2. 2. The state may commission the Central Bank by law to issue treasury bonds for short, medium or long term, the operations of changing or paying them within the conditions determined by the cabinet, and in general, commission it by all financial functions relevant to loans issued by the state or guaranteed thereby. The bank shall participate in the negotiations of foreign loans concluded to the account of the state or represent the state in said negotiations within the terms determined by the Minister of Economy & Foreign Trade. It also helps the state and its representatives in their relations with the financial organizations of international nature

Article 57:

The Central Bank of Syria shall perform the banking operations of the state or its institutions that are subject to private legal provisions according to the provisions of the texts stated in these laws with the guarantee of the state.

Article 58:

1. 1. The Central Bank of Syria shall undertake the management of foreign currency office.
2. 2. Each member in the foreign currency management committee shall receive a monthly remuneration to be specified by a decree upon the proposal of the Minister of Economy & Foreign Trade without adherence to the controls and maximum limits stipulated in the laws in force.
3. 3. It shall participate in all negotiations of international agreements for payments, foreign currencies and clearance, shall be commissioned to carry them out and shall conclude all necessary applied agreements to carry out said agreements.
4. 4. These agreements shall be implemented to the account of the state and its public institutions of economic nature, to bear all losses, expenses, commissions, interests and burdens of any kind whatsoever that guarantee to the Central Bank of Syria the payment of foreign currency losses and other losses born by the bank for this purpose. It shall also guarantee the payment of any open L/C opened by the bank in the Syrian currency or any credit granted in this currency in implementation of these agreements, within the limits stipulated therein. Against this guarantee, the Finance Ministry shall be permitted to issue, to the account of the state, bonds on the treasury mortgaged at the Central Bank of

Article 59:

1. 1. The Central Bank of Syria shall have the right, by a decision from the cabinet upon the proposal of the Credit and Monetary Council and the approval of the Minister of Economy & Foreign Trade, to organize upon need the works of the bank and all financial institutions that are subject to the supervision or enjoy its guarantee.
2. 2. It shall also have the right to provide exceptional facilities thereto upon need upon the proposal of the Credit and Monetary council and the approval of the Minister of Economy & Foreign Trade.

Section Three

Works of the Central Bank of Syria

Article 60:

1. The Central Bank of Syria shall carry out the following works:
 - A. Conduct all operations of gold and foreign currencies.
 - B. Deduct promissory notes, commercial bonds, purchase and relinquish them and grant loans and credits to the various economic activities.

- C. Deduct the short term bonds issued or guaranteed by the state.
 - D. Purchase medium or long term bonds issued or guaranteed by the state, relinquish them and perform the operations of deduction of repurchased bond system.
 - E. Grant loans and credits against the bonds shown in items C & D.
 - F. Grant loans and credits to the state or by its guarantee.
2. All above-mentioned works shall be effected within the terms and limits stipulated in chapter two of this law.
3. Works stipulated in para1, B of this article can never be done except through banks and this provision can never be overlooked except by a decision from the cabinet upon the proposal of the Credit and Monetary Council by majority of member votes.

Article 61:

In addition to the works stated in article 60, the Central Bank of Syria shall have the right to:

- 1. Carry out all foreign currency operations abroad, obtain L/Cs from abroad against guarantees or without them, grant guarantees abroad, re-deduct its papers abroad or mortgage them, guarantee safe implementation of these papers and the deduction and credit operations related thereto.
- 2. Accept deposit of funds in accounts opened therewith. Credit and Monetary Council shall define the bodies allowed to open these accounts.
- 3. Accept deposits of bonds, transferable amounts, money and precious metals.
- 4. Possess, upon the proposal of the Credit and Monetary Council and the approval of the Minister of Economy & Foreign Trade, bonds that represent the capital of financial institutions subject to special legal provisions or put under the state guarantee or supervision provided that total value of these employments with the real estate assets of the bank do not exceed the capital of the bank added thereto the reserve amounts and depreciations.
- 5. Grant abroad, upon a legislative decree, L/Cs to finance the export of Syrian agricultural or industrial products according to the following terms and provisions:
 - A. Approval of the Credit and Monetary Council in full majority of its members.
 - B. The legislative deed shall define the maximum limit of the L/C that may be granted to the foreign country, its maximum period and method of its payment.
 - C. Documentary credits subject of this paragraph shall be subjected to the provisions of para4 of article 58 of this law and provisions of laws related to the control of funds and dealing in foreign currencies that can transferred.

Article 62:

The Central Bank of Syria shall have the right to perform all transactions that facilitate the transfer of money. It shall have the right to establish or participate in the establishment of liquidation or clearance offices and their management.

Article 63:

1. 1. It is banned for the Central Bank of Syria to conduct any transaction rather than those stipulated in articles 60, 61, and 62.
2. 2. The Central Bank of Syria shall have the right to own the real estates needed for its directorate and branches.
3. 3. It shall have also the right to accept, on basis of mortgage, real estate insurance or relinquish, real estates and other money as a guarantee for its suspected claims or those late in payment. For same reasons, it may own the real estates and money awarded to it as a result of compulsory sale. The Central Bank of Syria must liquidate the real estates and money it owned through said methods within two years as of possession date unless this possession is permitted under this law. By a decision from the Minister of Economy & Foreign Trade, it is possible to extend the two-year period.

Article 64:

1. 1. With preservation to all current or prospective provisions that care more to the interest of mortgaging creditors, the Central Bank of Syria shall have the right to follow the norms shown herein after in order to collect the value of mortgage to guarantee its claims.
2. 2. The bank, where its claims are not paid upon maturity, shall have the right to resort the sale of the mortgage after the elapse of fifteen days of warning the debtor through the notary public. This shall never be prevented by any objection whatsoever on the bank's right and this shall not prevent it from pursuing other means against the debtor till all of its claims of capital, interest, currencies and expenses are paid.
3. 3. Sale shall take place by a decision from the competent head of the execution department upon the bank's request without the need to call the debtor.
4. 4. Sale shall take place in the financial markets regarding bonds and priced items, but bonds and non-priced items, they shall be sold via a mediator or an expert at the place, day and hour defined by the judge who has the right to estimate the need for advertising or publishing in newspapers upon need.
5. 5. Out of the out come of sale directly without the need for any other measure, all claims of the bank shall be paid.
6. 6. If the sale outcome exceeds the amount of the debt of capital and interest, the surplus shall be deposited at the bank under the disposal of the debtor for three years. Should the period pass without the debtor's claiming this surplus, it shall be deposited in the public treasury that will preserve it to the account of any person of right. Thus the bank will be clear towards them.
7. 7. To enable the bank apply these said procedures in all paragraphs of this article, it must possess upon the conclusion of this loan or prior thereto a written approval from the borrower on all texts of this article.

Article 65:

While checking with the courts, the Central Bank of Syria shall be relieved from submission of guarantees and credits in all cases that law imposes on both parties the submission thereof.

Article 66:

Provisions of chapter two of this law relevant to the public bonds, credits and loans similar thereto shall not be applicable to the group of the bonds retained by the Central Bank of Syria that represent its capital, reserve money and its account relevant to depreciations.

Article 67:

The state shall provide sufficient guard to all buildings of the Central Bank and buildings

of its correspondents in the governorates and their protection through all suitable means and shall provide the necessary guard to the safe transport of money and values.

Section Four:

The Council, Management, Control:

Article 68:

1. 1. The Credit and Monetary Council shall manage the Central Bank of Syria.
2. 2. Works of the Central Bank of Syria shall be managed by a governor assisted by the Management Committee.
3. 3. The Central body for Financial Control shall audit the entries and accounts of the Central Bank of Syria within the limits of its law provisions with adherence to the preservation of the bank's accounts and documents secrecy.

Article 69:

Recruitment of the governor, end of his services, defining his salary and remunerations shall be by a decree.

Article 70:

The Management Committee consists of governor as a president, four supervising managers and a representative from workers to be named by the Executive Office of The Worker's Syndicate General Union.

Article 71:

1. 1. The Minister of Economy & Foreign Trade shall name the supervising managers upon the proposal of the governor.
2. 2. Management Committee members shall receive a monthly remuneration to be defined upon the proposal of the Minister of Economy & Foreign Trade without abidance by the Controls and maximum limits stipulated in laws in force.

Article 72:

By a decision from the Minister of Economy & Foreign Trade, upon the proposal of the governor, two of the supervising managers shall be named two deputies of the governor, one is the first deputy and other is the second deputy.

Article 73:

It shall not be the right of the governor or the supervising managers to be members in the boards of any trading company or of a trading feature except for the financial institutions under the state management, monetary and banking and financial Arab and international institutions.

Article 74:

None of the governor, the supervising managers nor the Credit and Monetary Council members shall bear any personal responsibility resulting from the obligations or liabilities of

the Central Bank of Syria. They shall only be questioned about the implementation of the tasks entrusted thereto under the provisions of this law.

Article 75:

Without prejudice to the other provisions stipulated in this law, the Credit and Monetary Council shall exercise the following prerogatives:

1. The Council shall, upon the proposal of the management committee, set the bank's policy, branch policies deduction committees and re-deduction of bonds policy.

All of these policies shall be subject to the attestation of the Minister of Economy & Foreign Trade.

1. The Council shall set the number of the cadre of the bank upon the proposal of the management Committee by a decree.
2. Take a decision on the establishment of branches.
3. Determines interest rates on the transactions of lending, re-deduction and specifies their conditions.
4. Determines the manner of employing the bank's private money that represent accounts of the capital, reserve and depreciations.
5. It shall have the right to consult or seek the assistance of one of the local or foreign specialized bodies in the affairs related to the bank's accounts.
6. Decides on the expenses budget upon the proposal of the management committee, studies the annual budget and decides thereon after it had specified the amounts allocated for depreciations and putting out. It shall certify the annual report on the bank's work.
7. It has the right to delegate some of its authorities in special cases to the management committee.
8. Till the Credit and Monetary Council is formed, or upon dissolving it or where its convening is difficult for any reason whatsoever, the management committee of the Central Bank of Syria shall forward its proposals on the matters and subjects included in the Credit and Monetary Council prerogatives to the Minister of Economy & Foreign Trade to take appropriate decisions thereon. The Minister's decisions in this case are considered final unless the taken decisions in this case require, pursuant to this law, presentation to the cabinet and in this case the Minister's approval is to be construed as a proposal.

Article 76:

1. The management committee shall assist the governor in performing his task.
2. The management committee shall discuss and take decision on all issues included in its prerogatives, pursuant to this law, the Bank's articles of association or policies.
3. The Management Committee shall define the general rules for the study of re-deduction requests, loans and credits submitted to the Bank. It is the final reference for decision making in the acceptance or refusal of these requests.
4. The management committee has the right to make conciliations and settlements with any side whatsoever.
5. The management committee, in cases of emergency and after the approval of the Minister of Economy & Foreign Trade, shall have the right to change deduction, credit and loans rates and their conditions provided that they are later on presented to the Credit and Monetary Council that must be called to a meeting soonest possible.

Article 77:

1. The Governor shall run the works of the Central Bank of Syria.
2. And presides the management Committee.
3. Implement the decisions of the Credit and Monetary Council and the management

Committee.

4. 4. Observe the basic laws of the bank, articles of association and other policies.
5. 5. Run the employee affairs, their recruitment, promotion, their transfer, termination of their services according to employee system in the state.
6. 6. Represent the Bank before the court and shall deputize whoever may represent him.

Article 78:

Without prejudice to the provisions of article 68, all of the Central Bank of Syria expense and accounts shall be subject to the audit of the Central Body for Financial Control according to the provisions stated in the Body's law. The Bank shall have the right to seek the assistance of the local or foreign specialized bodies in the accounts audit by the approval of the Credit and Monetary Council.

Section Five:

Budget, Profit Distribution, Reserve Money

Article 79:

1. 1. Accounts of the Central Bank of Syria shall be closed and balanced on 31 December each year. An inventory of the Bank's assets of transferable, nontransferable, claims and liabilities shall be organized with an addendum that contains a summary of all liabilities.
2. 2. On same date, the balance sheet and account of loss and profit shall be organized.
3. 3. This data shall be presented to the Credit and Monetary Council and approved thereby.

Article 80: Article 81:

Net profits of the bank comprise the savings of the balance sheet after the dropping of the expenses of management and work running, depreciations, reserves, control, account audit and social burdens of different types.

Article 82:

1. 1. Percentage not in excess of one percentage of the salaries and wages bloc of total net profits stated in the balance sheet of the Bank shall be allocated and distributed to the staff who exercise pure banking works. This shall be on basis of the management committee proposal and volume of the responsibilities in accordance with the performance criteria. This all shall be determined by a decision by the cabinet, in addition to the amounts necessary to cover the liabilities of the acquired rights of all staff relevant to the health, social security expenses, transport, incentives and bonuses prescribed under laws in force. The balance is allocated to feed the Reserve Money Fund till these assets reach half of the Central Bank of Syria's Capital and after the reserve reaches said limit, net profit of that balance after 10% thereof is deducted annually, this feeding shall be allocated to feed the account of reserve money Fund till its assets reach an amount equal to the capital of the Central Bank of Syria.
2. 2. Remunerations shall determine the nature of work, specialty and responsibilities of the Central Bank of Syria's staff upon the proposal of the Minister of Economy & Foreign Trade

Article 83:

The Bank's articles of association shall determine the manner in which its ready money shall be used which represent the capital, reserve money and its accounts relevant to

depreciations

Article 84:

1. 1. The Bank's sheet of balance, profit and loss account and the annual report on its works shall be published in the gazette and in the local newspapers before the 30th of June following the closure of the cycle.
2. 2. Moreover, the governor shall forward to the Minister of Economy & Foreign Trade a monthly comparative statement on the bank's situation on the 15th of each month.
3. 3. The statement shall be published in the gazette after the approval of the Minister of Economy & Foreign Trade.

Chapter Four

Profession of Banks and Money Exchange

Section One

Degree of this Chapter Conclusiveness.

Article 85:

1. 1. Provisions of this chapter shall cover banks of the public sector, private banks and joint banks that normally accept deposits under demand, deposits for a specified term and saving deposits for investment in banking transactions to their own account.
2. 2. Particularly the transactions specified in article 12 of law No.28 for 2001 are considered banking transactions.
3. 3. Purchase, sale and deduction of treasury notes and bonds, their possession and the exercise of re-deduction of bonds system shall be also considered among the banking transactions.
4. 4. The exercise of the purchase and sale of the stocks and bonds of the companies whose stocks are open for underwriting publicly, other money papers whose circulation is permitted in the Syrian Arab Republic according to the controls and ratios determined by the Central Bank of Syria is also considered among the banking transactions.
5. 5. Banks are permitted, to their interest, the interest of others or in participation with others inside or outside the Syrian Arab Republic, to carry out all financial and banking services, deduction transactions, credit transactions and the issue of guarantees stated in item 13, para1, article 12 of law 28 for 2001 according to the provisions of foreign currencies in force within the limits and conditions determined by the Credit and Monetary Council.

Article 86:

Also, subject to the provisions of this chapter of the law, particularly licensing and control, within the rules, controls and conditions set by the Credit and Monetary Council and attested by the Minister of Economy & Foreign Trade are the following institutions

1. The banking and financial institutions that, in addition to the banking works stipulated in article 12 of Law No. 28 for 2001 and article 85 of this law, exercise the following transactions:

A-Management of money, properties and investment portfolios to the interest of others.

B- Provision of advice and assistance in the financial management of institutions, and, in general, the provision of facilities services for

the establishment and development of institutions.

C-Transactions of employment in investment projects based on basis of the formula of financing leasing of production establishments and companies qualified for this type of loans provided that ceiling of these transactions is defined by the Credit and Monetary Council by a percentage of certain medium and long terms resources.

D-Borrowing for different terms against the issue of circulatable bonds.

2. The banking institutions that perform the following:

A-Provision of banking services that rely on modern electronic

communications.

B-Banking works applied in Islamic banks.

2. 3. Banking representation offices affiliated to non-Syrian banks.

Article 87:

Subject to the provisions of this chapter also, within the limits and conditions defined by the Credit and Monetary Council, are the specialized banks already existing on the date of this law enforcement.

Article 88:

The financial institutions and cooperative companies whose work is confined to the receipt of money ready from their branches and members abroad to concentrate the management of the money shall not be subject to the provisions of this law provided that they do not use the money in usual manner in banking transactions concluded with persons rather than the branches and members.

Article 89:

Banks operating in the free areas shall be subject to the regulations relevant thereto and they shall be subject to the provisions of banking control stipulated in this law.

Section Two

Licensing, Registration and Control:

Article 90:

Licensing decisions for the private and joint banks are issued and they shall be registered in the banks register at the Central Bank of Syria/ Government Commission For Banks/ pursuant to the provisions of Law No. 28 for 2001.

Article 91:

1. It is permissible to cross out the bank from the banks register in one of the following cases:

A-Upon the request of the concerned bank.

B-Where the bank does not start its work during one year as of its

registration in the banks register.

C- Where it stops its work without the obtainment of a prior approval of

the Credit and Monetary Council despite warning it to proceed in its activity within the period defined by the Council.

D-Where it performs a work that interferes with its regulations, laws, decrees and decisions that organize its activities thus leading to damage to depositors and stock holders.

E-Where its liquidity or solvency is exposed to danger and can not be rectified due to measures to be agreed upon with the Credit and Monetary Council.

1. 2. Crossing out shall take place by a decision from the Economy Minister upon the proposal of the Credit and Monetary Council after the Council had notified the bank's representatives through providing their remarks thereto within ten days of being notified of the daily events of the crossing out reports, provided that the crossing out decision is justified within twenty days of being notified of said events.

2. 3. The crossing out of the bank from the banks register requires its liquidation definitely according to the laws in force provided that this liquidation takes place in participation with the Central Bank of Syria with the purpose of maintaining the public confidence in the banking system and protecting the rights of depositors.

Article 92:

The Credit and Monetary Council shall organize every year a list of the banks registered in the bank's register. This list and amendments that take place during the year shall be published in the gazette and in three local newspapers.

Article 93:

1. 1. It shall not be allowed to establishments other than those registered in the bank's register referred thereto in article 90 of this law that are not crossed out therefrom to use names as..... bank, owner ofbank, banker representative ofbank, or any name similar thereto in any language whether in its special name or commercial address, whether in specifying the type of its commercial business or its publicity. It shall be impermissible for the banks to use any term that may mislead the public regarding the special nature of their activities.

2. 2. It is impermissible that the bulletins, advertisements, notices and all documents ready for the public by operating banks contain what implies the control of monetary authorities on banking works. It is also prohibited that they contain any term that may lead to misleading the public regarding the type of the bank's works, importance, guarantees and the bank's relations with the public authorities.

Article 94:

Banks registered in the bank's register shall exclusively enjoy the prerogative of exercising all banking operations in Syria as shown in article 12 of Law No. 28 for 2001 and articles 85 and 86 of this law. It is impermissible for non-registered banks to exercise the transactions of deposit acceptance from the public and lending them once again.

Article 95:

1. The Credit and Monetary Council shall have the right to allow the non-banking establishments established in the form of joint companies or closed private shareholding companies or joint ones in which the public sector banking

participates to exercise the trade of foreign currency exchange within the limits and conditions defined by this council according to a special system attested by the Minister of Economy & Foreign Trade in light of the country's financial needs,

needs of citizens and tourists. Granting this right is dependent on the submission of a guarantee.

2. 2. It is impermissible for the institutions other than said ones to use the two terms: Exchange client, Money exchanger or any similar term in any language whether in its private name or in its trading address and whether in specifying the type of its trading business or in its publicity.

Section Three

Banks Capitals and Reserve Money

Article 96:

1. 1. Capital of any of the operating banks must not be less than the minimum indicated in article 6, Law No. 28 for 2001.
2. 2. Each bank shall have to prove at any time that its assets are actually more than its liabilities towards others by an amount equal at least to the minimum of the capital defined in article 6 of Law No. 28 for 2001.
3. 3. Should the bank's capital be less than the minimum specified in article 6, Law No. 28 for 2001 as a result of the losses it sustained, it shall have to reform its capital within a period of six months at most.
4. 4. The subject of loss definition is up to the Government Commission for Banks.
5. 5. Where the concerned bank objects on the estimation of the Government Commission for Banks, the case shall be forwarded to the Credit and Monetary Council.
6. 6. Decision of the Credit and Monetary Council in this respect shall be final and can not be reviewed by any administrative or judicial means.
7. 7. Minimum limits of the founders shares in the bank's capital and maximum limits for the shares of natural and artificial personalities in the capital shall be defined pursuant to the provisions of Law No. 28 for 2001. Shares of the wife and children of the natural person shall be within the maximum allowed that reaches 5/ five percent of the bank's capital.

Article 97:

1. 1. In addition to the imperatives imposed by Trade Law on the trading companies regarding the compulsory reserve, the bank must annually deduct from its net profits a percentage not less than 10/ ten percent to be allocated as a special reserve till said reserve reaches 100% at least of the bank's capital.
2. 2. Where the bank is liquefied, owners of deposits deposited therewith shall enjoy the prerogative on the outcome of the private reserve above, the compulsory reserve stated in Trade Law and the frozen account without interest with the Central Bank of Syria pursuant to para A, article 19, Law No.28 for 2001.

Article 98:

1. The Credit and Monetary Council, at the application of article 96 of this law, shall enjoy the prerogative of estimating the assets components that constitute the equivalent of the bank's capital. It shall have the right to request the presentation of all necessary documents to verify the existence of these components. It shall determine all other conditions that must be available in the capital according to the requirements of need.
2. 2. The Credit and Monetary Council shall have the right to decide at any time the necessity of increasing the minimum of the capital shown in article 96 pursuant to the requirements of solvency and in consistency with the international criteria of the capital sufficiency.

Section Four

Compulsory Ratios Relevant to Ready Money, Coverage, Solvency and others

Article 99:

1. The Credit and Monetary Council shall have the right to set a general system in which it defines the ratios that must be fulfilled between the below listed components and that banks must abide by provided that this system does not contain any discrimination between banks of similar business:
 - A-Ratio of the bank's capital and its reserve money on one side and the total amount of its deposits or obligations under demand or for a specific term on the other side
 - B-Ratio between the bank's ready money and its assets that can be ready, some of this money or these assets on one side and its obligations on demand or for a short term on the other side.
 - C- Ratio between the bank's capital and its reserve money after dropping of losses on one side and the total amount of its assets or some of these assets on the other side.
2. The Credit and Monetary Council within the above-mentioned conditions, shall have the right to:
 - A-Ban banks from increasing the total amounts of deduction, credits, loans or the total amount of some of these transactions as of a specific date.
 - B-Determine the ratio that banks are permitted to increase the total of the transactions of deduction, credit, loans or the total of some of these transactions.
 - C-Determine the absolute minimum or the comparative one on whose basis the opening of the documentary credits or some of them must be covered by a cash payment.
 - D-Specify a maximum period for the maturity of deductions, loans and credits or the maturity of some of these transactions.
 - E-Determine the maximum limit for crediting that the bank may lend for one person proportionate to the bank's capital and its reserve money after loss dropping.
 - F-Determine the percentages that banks must deposit with the Central Bank of Syria out of the origin of their current deposits, for a specified term and deposits in foreign currencies.
 - G- Determine the degree of the bank's investment concentration and its employments abroad proportionate to the total assets of the bank.
3. The systems issued in execution to this article shall have no retroactive effect. They shall not prevent the execution of the agreements concluded on date of their publication. They must specify the periods necessary to enable the banks to conciliate their transactions with the imposed provisions and name the assets on whose basis the compulsory rates are computed.

Section Five

Banking Works

Article 100:

In addition to what is prohibited for banks pursuant to Law No.28 for 2001, banks may not carry out non-banking works particularly the following:

1. 1. Ownership of goods and trading therein to their own account unless the process is meant to secure the collection of suspected debts.
2. 2. Purchase of real estates for their own accounts or keeping them in a permanent way except for the following cases: A-Real estates necessary to run their works. B-Real estates that the bank acquires in payment of its debts or as a guarantee of debts. The bank in such cases must sell these real estates within two years.
3. It is impermissible for any of the licensed banks to:
 - A-Open documentary credits or grant loans or credits in any way to the chairman and members of the bank's board, its general manager and their relatives till the third degree, their wives and their relatives till the second degree.
 - B- It is also prohibited for any of the licensed banks to open credits, or grant loans or credits in any way to its staff, supervisors, account inspectors, auditors, staff of sale departments who are directly related to the supervision of the bank's works, control, follow up of their activities, their wives and their children unless the Credit and Monetary Council approves of this in advance.
4. The ban stated in paragraphs 1 and 2, article 20, Law No.28 for 2001 shall not be applied to : A-The values that the bank acquires to collect suspected debts. In this case, the bank must relinquish said values within two years. B-Values that gain the state guarantee and shares in the capital of credit institutions established under a special law.
 - C- Stocks and loan bonds in Syrian currency or in foreign currencies that the bank is commissioned to offer to the public and shares in one company or more formed especially offer such stocks and bonds to the public within a period that does not exceed six months as of the date of the bank's underwriting in said stocks and bonds.
1. 1. Credit and Monetary Council shall have the right, upon need, to take justified decisions with the majority of two thirds of the Council members in which it decides the maximum rates of interests, commissions and other expenses that must be applied on some specified categories of credit transactions. These transactions shall not be executable unless coupled with the attestation of the Minister of Economy & Foreign Trade.
2. 2. The Credit and Monetary Council shall have the right to decide that it is not possible to prepare the credit transactions in any way whatsoever at the Central Bank of Syria if they do not fulfill the conditions defined regarding the interest, commission and other expenses.

Section Six

Board Members and Managers

Article 102:

1. 1. Without prejudice to the provisions of laws in force, it is definitely prohibited that any member in the board or a manager in any bank is convicted of a crime as theft, mistrust, forgery, fraudulence, fraudulent bankruptcy, stealing, money usurpation, money washing, trading in drugs, withdrawing a cheque without provision, defame the financial situation of the state, crimes defaming the public confidence, any crime or felony, concealing the money acquired as a result of one of these

crimes or disposing of this money whether the decision was taken in Syria or aboard and whether the sentenced person is the original doer, partner or intervening in any of said crimes. Same ban shall be applicable to any one sentenced by attempting to commit these crimes.

2. 2. This ban shall also be applicable to the persons against whom or against the bank they managed a sentence of bankruptcy or judicial liquidation was passed whether they are rehabilitated or not and whether the verdict was issued in Syria or abroad. This ban shall not be valid where the competent court decides that bankruptcy or judicial liquidation was due to force majeure.

3. 3. Court of first instance where the bank is included within its prerogatives shall enjoy taking decision whether the crime's or convicted actions by a foreign court are subject to the ban stated above upon the request of the Attorney Public.

Article 103:

1. 1. Name of the board members or managers in any bank shall have no right to undertake the management of another bank or be a member in its board of directors.

2. 2. The Credit and Monetary Council shall have the right, in special cases that do not interfere with the public interest, to approve of the exception from the provisions of the previous paragraph.

Article 104:

1. Where one of the banks goes bankrupt or is judicially liquidated, all transactions that the bank, due to which it had rendered, in kind, clearance or in any other way, to its board members or managers amounts in the form of shares of profits, bonuses or other contributions in profits, shall be considered cancelled and ineffective during the two years preceding the date that the court considers the date of payment ceasing in case of bankruptcy or during the two years preceding putting the bank under judicial liquidation.

2. 2. Provisions of this article shall not be applicable where the competent court decides that bankruptcy or judicial liquidation is due to force majeure.

Section Seven

Annual Budget and Regular Statements.

Article 105:

1. 1. All licensed banks must annually submit to the Credit and Monetary Council an annual budget and a detailed account of the profits and losses attested by the accounts inspectors within ninety days of the date on which the annual accounts are closed.

2. 2. These documents shall be organized according to the international accountancy criteria approved by the Minister of Economy & Foreign Trade upon the proposal of the Credit and Monetary Council. This decision shall also determine the form of bulletins, statements and documents related to the annual budget and profit and loss account imposed to be published by Trade Law or their deposit with the competent authorities. This decision may impose the publication, and submission of these data and documents to all banks existing in Syria whatever the form of the right they exercise their activities basis.

Article 106:

1. The banks must submit to the Credit and Monetary council, within the periods it defines, the following statements:

A-A monthly statement on the bank's creditor and debtors situation.

B-A monthly statement on the bank's creditor and debtor situation in foreign currencies.

2. They shall have also to submit to the Credit and Monetary Council, upon its request

and within the periods it determines: A-A list in the documentary credits in an amount determined by said Council.

B- All information, explanations and documents necessary for the council to carry out its task.

2. 3. The aforementioned documents shall be organized according to the international accountancy criteria approved by the Minister of Economy & Foreign Trade upon the proposal of the Credit and Monetary Council.

Article 107:

All documents that must be submitted pursuant to articles 105 and 106 shall be signed by the Chairman and Managing director or manager and the bank's supervisor shall attest their accuracy.

Article 108:

The Credit and Monetary Council shall regularly publish a total statement on the creditor and debtor status of banks.

Section Eight

Controllers, Government Commission for Banks and Central Bank's Controllers

Part One

Internal Controllers

Article 109:

1. 1. In addition to the provisions of Trade Law relevant to trading companies, each bank must nominate a number of persons who enjoy appropriate qualifications to exercise the task of internal controller in the bank. The Credit and Monetary Council shall select an internal controller or more according to the volume of the bank's transactions from the nominated names to fill in the position of an internal controller. This internal controller shall not exercise the tasks of his work unless he swears the oath before the civil court of First Instance.

2. 2. The Credit and Monetary Council shall set system for the acceptance of internal controllers, cases of withdrawal of acceptance and a basis for internal controllers. The two said systems shall be attested by a decision from the Minister of Economy & Foreign Trade.

Article 110:

1. 1. The internal controllers shall generally exercise the authorities granted by law to the inspectors at companies in which this type of control is exercised.

2. 2. The internal controllers shall review the bank's books, correspondence, minutes of their meetings and all entries in general. They monitor regular inventory lists, annual budgets, reports, all situations and data that must be submitted pursuant to this law and their correctness.

3. 3. They shall also monitor the bank's abidance by the texts and legal and regular provisions that banks are subject thereto.

4. 4. They must notify the Government Commission for Banks of any decision or situation that expose the bank's solvency or liquidity to danger.

5. 5. The Government Commission for Banks shall issue all directives and instructions to the internal controllers necessary to perform their duties.

Article 111:

1. 1. Internal controllers must submit in the fifteenth of each month a report on their works during the last month to the Government Commission for Banks.
2. 2. It is impermissible that this report discusses the bank's relations with a specific dealer therewith except in the following cases:
 - A- Where the bank carries out transactions contrary to law.
 - B- Where one of the dealers with the bank goes bankrupt or subject to the conciliation system or where he is allowed to delay payment.
 - C- Where the bank grants documentary credits that may expose its liquidity to danger.
 - D- Where the bank grants documentary credits in way contrary to the provisions of para5, item 2, article 99 of this law.
3. 3. Controllers shall have no right to interfere with issues related to fees and taxes.

Article 112:

1. 1. Each internal controller must immediately inform the bank's board members and managers of the violations he observes.
2. 2. If the internal controller observes a decision of the bank whose implementation constitutes a punitive crime, he has to object on the implementation thereof and forward the matter urgently to the Government Commission for Banks. This objection shall suspend the decision for eight days. These provisions shall not be applicable to violations relevant to taxes.

Article 113:

1. 1. It is impermissible for internal controllers to occupy any additional job in the banks subject to their control.
2. 2. Without a license from the Credit and Monetary Council, they shall have no right to occupy any job from which they receive a salary or a remuneration from the state or public authorities or be members of boards, managers, commissioners, authorized signatories in trading companies or of a trading form. The Council's decision shall be liable to cancellation at any time.

Article 114:

The banks in which the internal controllers exercise their works shall bear the salaries and indemnities and the like that are subject to the approval of the Credit and Monetary Council. Controllers can not get from the bank where they work any other benefit whatsoever.

Article 115:

In addition to the duties imposed by Law, it is prohibited for internal controllers to disclose any information they get acquainted therewith by nature of their jobs. It is also banned for them to benefit personally in any way from this information.

Article 116: Part Two**Government Commission for Banks and the Central Bank's Controllers**

Article 117:

1. 1. The Government Commission for Banks shall exercise its tasks pursuant to the provisions of chapter four of this law. It shall operate according to the directives of the Credit and Monetary Council. It shall constitute a part of the Central Bank's Cadre. Its controllers and employees shall be subject to all regulations and rules applicable in the bank.
2. 2. The Central Bank of Syria has the right to contract with qualified persons of high expertise or with specialized institutions from inside or outside of the Country to carry out the office or field control works assigned thereto by the Government Commission for Banks. These controllers shall be subject to same provisions relevant to internal controllers and all conditions stipulated in articles: 110, 111, 112, 113, 115 and 116 of this law. These contractors shall have to swear the oath before the Civil Court of First Instance.
3. 3. Credit and Monetary Council shall decide on the policy of this commission, determine contractual terms with the persons and bodies stated in the previous paragraph. The Commission policy and contractual terms shall be attested by decisions from the Minister of Economy & Foreign Trade.

Article 118:

Tasks of the Government Commission for Banks shall be as follows:

1. 1. Carry out the tasks defined thereto in chapter four of this law and all decrees and decisions issued pursuant thereto.
2. 2. Investigate the violations to the provisions of this law, provisions of decrees and decisions issued pursuant thereto.
3. 3. Supervise banks and control them according to the directives of the Credit and Monetary Council.
4. 4. Conduct all studies and organize all statistics related to the situation of banks and banking activities in the country.
5. 5. Follow up on the affairs related to banking risks, collect information on the credit risks related to the bank customers on regular basis and notifying them secretly and quickly to the concerned banks.
6. 6. Without prejudice to the provisions of Trade law, joint banks shall not be subject to the provisions of The Central Authority for Control and Inspection and law of The Central Body for Financial Control. They shall be controlled by the internal controllers appointed pursuant to the provisions of this law by the Government Commission for Banks and its controllers.
7. 7. Conduct every investigation, audit or expertise upon the request of the Credit and Monetary Council according to its directives in the following cases:
 - A-In case there are dangerous probabilities that lead the Credit and Monetary Council to believe that the internal controllers do not do their jobs correctly.
 - B- Where there are dangerous probabilities that lead the Credit and Monetary Council to believe that the bank management is unwise or that the bank liquidity is exposed to danger.
 - C-Where the bank fails to give information imposed by law or its impeding to the work of controllers or representatives of the Government Commission for Banks.
 - D-Where the bank faces difficulties in performance, being subject to conciliation system or the possibility of allowing it to postpone

payment or bankruptcy potentials.
E-Where the internal controllers report violations to law or where the bank does not abide by the remarks addressed to its public administration or the board members pursuant to article 112.

Article 119:

Minutes of the Government Commission for Banks and reports of its controllers are considered correct unless the contrary is proven. Said minutes shall be referred by the Credit and Monetary Council to the Attorney Public to conduct necessary follow up on need.

Article 120:

1. 1. In addition to the duties imposed by law, it is prohibited for the staff of the Government Commission for Banks and its controllers to disclose any of the information they come to know by virtue of this jobs.
2. 2. All staff of the Government Commission for Banks shall swear an oath before the Credit and Monetary Council the text of which is composed by said council.
3. 3. It shall be banned for any of the Government Commission For Banks staff to accept for himself or for others a bonus, gift or a privilege from the operating banks, accept a promise for something of this kind or to utilize the information he comes to know by virtue of his job for his personal benefit or to others whatsoever.
4. 4. It shall be prohibited for any of the staff of the Government Commission for Banks, upon quitting work, to join any work with any of the operating banks within two years as of the date of quitting work with the Central Bank of Syria.
5. 5. Staff of the Government Commission for Banks shall receive special remuneration to be defined by a decree upon the proposal of the Minister of Economy& Foreign Trade.

Article 121:

Expenses of the Government Commission for Banks shall be borne by the operating banks. Procedures of their collection and distribution shall be defined by a decision from the Minister of Economy& Foreign Trade upon the proposal of Credit and Monetary Council.

Article 122:

1. 1. In case of liquidating any of the banks, and within seven days as of taking the liquidation decision, the Minister of Economy& Foreign Trade shall issue an announcement on the liquidation to be published in the gazette, in the official advertisement release and in three local dailies of wide distribution for three consecutive days in addition to notifying depositors by a guaranteed letter.
2. Said announcement must include a period of not less than three months so that dealers with the bank can take all measures and issue all necessary instructions regarding this liquidation. The announcement must also cover the said commission to liquidate the remaining deposits and current transactions on date of final closure of the bank offices if dealers with the bank are not given necessary instructions in this respect.

2. 3. The bank shall have the right to request the cancellation of this license and the Credit and Monetary Council shall take the decision it deems appropriate on the request within sixty days as of the date of its submission.

3. 4. If liquidation takes place as a result of the crossing out of the bank from the bank's register as a result of its violation to its regulations, laws, decrees and decisions that regulate the profession of the bank's the Minister of Economy & Foreign Trade, upon the proposal of the Credit and Monetary Council, shall have the right to define in the crossing out decision the date of closing the bank and name. The body commissioned to settle the pending transactions on that date.

4. 5. Controllers shall pursue performing their jobs maintaining their rights and duties till the end of the bank works liquidation.

5. 6. Provisions of Trade law and its amendments and laws in force shall be applicable in whatever there is no text in this section of this law.

Section Ten

Transitional Provisions Relevant to Public Sector Banks

Article 123:

All banks existing on the date of enforcing provisions of this law whose activities are subject to provisions of chapter four thereof, shall have to request re-registration in the register of licensed banks at the Central Bank of Syria within three months as of the date of this law enforcement.

Article 124:

The institutions existing on date of implementation of this law and re-registered in application of article 123 shall be given a period of two years as of the date of registration decision to conciliate their situation gradually with the provisions stipulated in this law.

Section Eleven

Fines and Administrative and Punitive Punishments

Article 125:

1. 1. Without prior notice, a penalty of ten thousand S.P. shall be imposed for each day delay on each bank that fails to submit, within the special period, the statements, situations and budgets and all documents shown in articles 105 and 106 of this law.

2. 2. This penalty shall be imposed by the Government Commission for Banks and shall be collected to the interest of the State Treasury. In case it is not paid, it shall be collected under public money collection Law.

Article 126: Article 127:

A penalty that ranges between fifty thousand and five hundred thousand Syrian pounds shall be imposed on each bank that does not abide by articles 100, 105 and 106.

Article 128:

Whoever violates provisions of articles 102 and 103 shall be punished by a penalty that ranges between one hundred thousand S.P. and five hundred thousand S.P. and the imprisonment of six months to two years or one of these two punishments.

Article 129:

An imprisonment ranging between eight days to three months and a penalty ranging between one hundred thousand to five hundred thousand S.P. or one of these two punishments shall be imposed on each board member and an accredited signatory manager who does not abide by the provision of law subject of article 99 or does not abide by the maximum rates defined according to provisions of article 101 or violates provisions of article 97 of this law.

Article 130:

Punishments defined in the laws in force shall be applicable against whoever violates provisions of articles 115 and 120 of this law.

Article 131:

Provisions issued in execution to chapter four of this law shall be published in the gazette and in two dailies at least named by the court at the expense of the sentenced party.

Article 132:

The banking and financial institutions subject of this law shall be considered in the civil sense responsible for the payment of the penalties inclusive jurisdictional expenses and others imposed on the board members, managers and authorized signatories in implementation to provisions of chapter four of this law.

Article 133:

Application of the provisions of chapter four of this law and application of decrees and decisions taken in implementation thereto shall not lead to bearing the state, ministers, members of the Credit and Monetary Council, Central Bank of Syria and their representatives any financial responsibility in any capacity whatsoever.

Chapter Five

Transitional Provisions

Article 134:

The Monetary Fund stipulated in legislative decree No. 87 for 1953 and its amendments shall be merged with the Central Bank of Syria. Its assets, rights and obligations shall revert to said bank.

Article 135:

Legislative decree No. 159 for 1968 shall be cancelled.

Article 136:

Legislative decree No. 87 for 1953 shall be cancelled and the Central Bank of Syria and the Credit and Monetary Council shall be definitely established. Provisions of this law shall be definitely amending to all legislative texts and provisions in force related to legislative decree No. 87 for 1953.

Article 137:

In field of applying provisions of this law, all legal contrary provisions are cancelled.

Article 138:

The Central Bank and all concerned bodies in this law shall be given a period of two years, as of the date of its enforcement, to gradually conciliate their situations with its provisions. During this period, application of the regulations in force shall continue.

Article 139:

This law shall published and shall be in force as of the date of
issue. Damascus on 3/1/1423 H 17/3/2002

Republic President Bashar

Al-Assad