Syrian Arab Republic
Presidency of the Council of Ministers

Decree No. 1329

The Prime Minister

<u>pursuant to</u> the provisions of Legislative Decree No. 60 dated 1 October 2007, and upon the proposal of the Government Securities Committee,

the following is decided:

Executive Instructions for the Legislative Decree on Government Securities

<u>Section One</u>

Definitions

<u>Article (1):</u>

The following terms, wherever mentioned, herein shall mean:

Government: Ministries and government departments listed in the state's general budget law.

Committee: Government Securities Management Committee.

Ministry: Ministry of Finance.

Minister: Minister of Finance.

Bank: Central Bank of Syria.

Governor: Governor of the Central Bank of Syria.

Directorate: Public Debt Directorate at the Ministry of Finance.

Unit: Government Securities Unit at the Ministry of Finance, reporting directly to the Minister.

<u>Section Two</u>

Scope of the Executive Instructions

Article (2):

These executive instructions are based on the legislative decree and they regulate the issuance and management of government securities.

Article (3):

The procedural manual clarifies the detailed, technical, and operational aspects of the issuance and management of government securities.

Article (4):

a. The Committee is authorized to establish and update the procedural manual whenever necessary, and it is issued through a Ministerial decree.
b. The Committee shall establish rules for the use of Islamic financial instruments or financial derivatives if the Minister deems it necessary to utilize any of them, and these rules shall be annexed to the procedural manual.

Article (5):

The Ministry is the sole entity responsible for issuing and managing public debt, including the management of short-term government liquidity.

Article (6):

Employees appointed at the Unit and the Department shall retain the entitlements and compensations that employees in the Ministry benefit from, such as tax collection revenues and the like, and those that employees in the bank benefit from, such as incentives, in addition to the compensations stipulated in the financial and internal system of the Unit and the Department, based on the provisions of /**paragraph C**/ of /**Article 4**/ of the Legislative Decree, starting from the date they commence work in the Unit and the Department.

Section Three

Issuance

Article (7):

a. Treasury bills and bonds are issued through auctions, where treasury bills are issued based on yield determination and bonds are issued based on price determination according to rules specified in the procedural manual, and other methods of issuing treasury bills and bonds may be determined in the procedural manual.

b. The procedural manual specifies the timing of the disclosure of issuance results.
c. The procedural manual may set a maximum and/or a minimum limit, for the yield or price for the offers of participating entities and may set a cap on the amount allocated for the participating entity.
d. Treasury bills and bonds issued in different tranches but with the same features, i.e., the same numbering and maturity date, are identical and represent a single line.
e. The Bank, after consultation with the Ministry, has the right to purchase a predetermined quantity of treasury bills and bonds on a non-competitive basis for monetary policy purposes, in accordance with the rules specified in the procedural manual.

Article (8):

a. The Bank, after consultation with the Ministry, shall establish eligibility criteria for participation in the auctions, and these criteria shall be issued by a decree of the Minister, and the Committee may set specific conditions and requirements for participation in the treasury bills and bonds auctions.
b. The Bank shall create a list of qualified legal persons permitted to participate in the government securities auctions, in coordination with the Minister and the Chairperson of the Syrian Securities and Financial Markets Authority.
c. Qualified entities must obtain approval for their participation request in auctions from the Bank.
d. The procedural manual and the memorandum of understanding between the Bank and the participating entity shall detail the specifics of participation in the auctions.

Article (9):

The Minister has the authority to cancel a previously scheduled or announced issuance of treasury bills and bonds under exceptional circumstances referred to in the procedural manual.

Article (10):

The indicative calendar for the issuance of treasury bills and bonds shall be announced no later than the beginning of January of the concerned year, with specifications determined in the procedural manual.

Article (11):

a. Any issuance of treasury bills and bonds shall be announced no later than five business days before it takes place or based on the rules specified in the procedural manual.
b. The issuance announcement shall specify the following information:
    - Issuance date.
    - Settlement date and delivery of the bills or bonds.

- Financial security number for the bills or bonds.
- Maturity date of the bills or bonds.

Article (12):

a. Invitations to participate in the issuance of treasury bills and bonds are made two business days before the issuance date at 12:00 PM, in accordance with the rules specified in the procedural manual.
b. The invitation shall specify the following:
    - Issuance date.
    - Settlement date and delivery of the bills or bond.
    - An indicative range, i.e., the maximum and minimum volume of the bills or bonds to be issued, including and disclosing the non-competitive participation volume of the Bank.
    - Maturity date for the bills or bonds.
    - Financial security number for the line of bills or bonds.
    - Existing volumes of bills or bonds known by the same financial security number in case of issuance through reopening an already existing line.
    - Volume of bills or bonds maturing on the settlement date if unified.
c. A message is sent to each qualified entity to participate in the issuance based on the specifications set out in the procedural manual.

Section Four

Clearing and Settlement

Article (13):

The issued bills or bonds are delivered on the settlement date against payment of the due amounts through the Bank's clearing system and government securities settlement system, in accordance with the rules specified in the procedural manual.

Article (14):

Transactions of treasury bills and bonds are settled in a non-physical book-entry form in accordance with the provisions of /**Article 6**/ of the Legislative Decree and on the principle of "delivery versus payment (DvP)."

Article (15):

The settlement date for treasury bills and bonds is the third business day after the issuance date unless otherwise stated in the procedural manual.

Article (16):

Treasury bills and bonds that have not been paid for on the settlement date can be automatically canceled without formal notification and in accordance with the procedures specified in the procedural manual. In case of cancellation, the participating entity in the auction automatically incurs a penalty, the amount of which is determined in the procedural manual. Settlement can be postponed if the participating entity provides an acceptable reason for non-payment. In such cases, a late penalty is determined according to the rules specified in the procedural manual, and the Committee has the right to accept or reject the reasons for the delay.

Section Five

Repayment

Article (17):

Repayment is made on the maturity date at the nominal value of the treasury bills and bonds.

Article (18):

On the maturity date, the Bank automatically debits the Ministry's current account for the due amount and credits the due amounts in the current accounts of the entities participating in the clearing system and government securities settlement system that own the concerned bills and bonds.

Section Six

Secondary Market

Article (19):

All issued bills and bonds can be traded in the secondary market in accordance with the rules specified in these instructions and the procedural manual, consistent with the provisions of /**Article 16**/ of the Legislative Decree. The procedural manual specifies the trading rules in the secondary market for bills and bonds.

Article (20):

With the Committee's approval, the Ministry is allowed to repurchase the issued bills and bonds in accordance with the rules specified in the procedural manual.

Article (21):

This decree shall be published and notified to whom it may concern for implementation.

Damascus, on 30 March 2008

Prime Minister
Eng. Muhammed Naji Itry

Stamps:

- The Central Bank of Syria, 3/1891/ referral, 34416.
- Director of the Secretariat Office, the Council of Ministers, 30 March 2008.