Syrian Arab Republic **الجمهوريَّة العربيَّة السوريَّة**

Monetary and Credit Council **مجلس النقد والتسليف**

Decision No. (292/M.C.C/B4)

Monetary and Credit Council,

Pursuant to:

The provisions of the Law of Central Bank of Syria and the Basic Monetary Law No. /23/ of 2002,

The provisions of Article (10), Clause B of Islamic Banks Law No. /35/ of 2005,

Letter No. 70/100/3 dated 23/05/2007 sent by the Assistant Director of Government Commission Directorate for Licenses and Islamic Banks Affairs, attached thereto is Sharia Supervisory Boards' Acceptance System in Islamic Banks operating in Syrian Arab Republic, and withdrawals of acceptance, And;

The revision thereof in its session dated 30/05/2007.

Decided the following:

Article 1: Approval of Sharia Supervisory Boards' Acceptance System in Islamic Banks operating in Syrian Arab Republic, and withdrawals of acceptance (Attached thereto).

Article 2: This Decision shall be communicated to all competent bodies to put it into force.

In Damascus, on 05/05/2008

Governor of the Central Bank of Syria
Dr. Adib Mayala

Endorsed by
Prime Minister
Eng. Muhammed Nagi Etri

Secretary of Monetary and Credit Council
Hanaa Ouda

Syrian Arab Republic

Monetary and Credit Council

الجمهوريَّة العربيَّة السوريَّة

مجلس النقد والتسليف

Sharia Supervisory Boards' Acceptance System in Islamic Banks Operating in Syrian Arab Republic, and Withdrawals of Acceptance

Chapter One: Selection of Sharia Supervisory Board's Members

Article. 1:

A. Each Islamic bank shall form a renewable three-year sharia supervisory board of no less than three members. The board may seek the help of specialists in business administration, economy, accounting and/or law…etc.

B. The board shall be appointed by the shareholders in the annual general assembly upon the board of directors' recommendation. The shareholders authorize the board of members to determine the sharia supervisory board's remunerations.

Article. 2:

A. The sharia supervisory board and the bank shall agree on the contractual terms. The agreement terms shall be stated in the appointment letter.

B. The sharia supervisory board shall ensure that the bank authenticates and confirms the board's acceptance of appointment. The letter of appointment shall include a reference indicating the bank's commitment to the provisions and principles of Islamic Sharia.

Article. 3: The bank applies to the banks' government commission to obtain the approval of the Credit and Money Board on the selection of the members of the sharia supervisory board before presenting the recommendation to the board of directors. The application shall be accompanied with the CVs and detailed academic qualifications of the nominated members.

Article. 4: The government commission at banks studies the qualifications and experience of candidates for membership of the sharia supervisory board based on the CV and information available for each candidate, inquiries about them in the ways it deems appropriate, and then submits a report to the Monetary and Credit Council.

Article. 5:

A. The Monetary and Credit Council studies the government commission's report and the respective bank's application to select the members of the board. In the event that the qualifications and experience of the candidates for membership of the sharia supervisory board do not meet the conditions stipulated herein, the Credit and Money Board requests the respective bank to nominate other names for undertaking this task.

B. The Monetary and Credit Council's acceptance of the nominated members in no way restricts the shareholders' right to reject the board of directors' recommendation on their nominations.

Chapter Two: Conditions of Accepting Sharia Supervisory Board Application for Membership

Article. 6: To be accepted for the sharia supervisory board's membership at the bank, a candidate shall meet the following conditions:

Civil Conditions:

A. The candidate shall be a national of the Syrian Arab Republic or an equivalent for at least the last five years. Persons of other nationalities may be nominated if the bank does not have the necessary national resources.

B. The candidate shall be of good conduct and enjoy all civil rights, and not have been convicted of a felony or misdemeanor, whether heinous or breaching public trust, by any local or foreign judicial authority. This includes:

1. Committing any ordinary crime, theft, breach of trust, forgery, fraud, fraudulent bankruptcy, embezzlement, extortion, money laundering, drug trafficking, drawing a bad check, undermining the status of the state, crimes against public trust, any heinous felony or misdemeanor, concealment of funds obtained through one of these crimes, or disposal of such funds, whether issued in the Syrian Arab Republic or abroad, and whether the convicted person is a principal, co-offender or intervenor in the said crimes.

2. Attempting to commit or complicit in the crimes stated in Clauses (B-1).
3. Violating the provisions of the Bank Secrecy Act No. 29 of 2001.

Scientific and Professional Conditions:

E. The candidate shall be a jurist in transactions. One of the members may be a non-jurist, provided that he is a specialist in Islamic financial institutions and familiar with the jurisprudence of transactions.
F. The candidate shall have at least three-year experience in this field with Islamic financial institutions, and to be reputable.

Article. 7: The sharia supervisory board's members may not hold any additional position in the banks under their supervision, be shareholders who have an effective influence on the bank's business, or board of directors' members, directors, or authorized signatories of any for-profit companies.

Article. 8: A member of the sharia supervisory council shall not be:

A. Persons who are related by ties of descent up to the third linage or by affinity with one of the major shareholders, or with bank's board members, general manager or his assistant.
B. Persons who are partners with one of the persons specified in the preceding paragraph or persons who hold a position with them.
C. Persons who owe the bank or any of its affiliated institutions, directly or indirectly.

Article. 9: Each bank shall deposit with the banks' Government Commission, with each application for nomination for the sharia supervisory board's membership, a document upon which the person nominated for this task undertakes that none of the cases stipulated in Articles 7 and 8 hereof as approved by the concerned bank. The bank shall provide the government commission with any amendment made.

Chapter Three: Withdrawals of Acceptance

Article. 10: The Credit and Money Board may withdraw the acceptance of a sharia supervisory board's member if he violates the applicable laws or the Sharia standards related to Islamic banking.

Article. 11 A sharia supervisory board's member or the entire board shall be removed or dismissed by virtue of a reasoned recommendation of the board of directors (upon a two-thirds majority Decision) to be approved by the shareholders at the general assembly. The bank's board of directors shall inform the Central Bank of Syria of the Decision to appoint or dismiss the sharia supervisory board or when any amendment is made thereto.

Chapter Four: Other Instructions

Article. 12: The bank where a sharia supervisory board works shall bear his remunerations, as stated in Clause (B) of Article 1, all of which shall be approved by the Monetary and Credit Council.

A sharia supervisory board's member is not entitled to receive any financing or benefit for himself or his family members from the bank he supervises.

Syrian Arab Republic

Monetary and Credit Council

الجمهوريَّة العربيَّة السوريَّة

مجلس النقد والتسليف

Decision No. (291/M.C.C)

Pursuant to:

The provisions of the Law of Central Bank of Syria and the Basic Monetary Law No. /23/ of 2002,

The banks' Government Commission Directorate's Letter No. 877/100 dated 23/05/2007,

The Monetary and Credit Council's Decision No. 101/M.C.C/B4 dated 02/01/2005 on the approval of instructions of the allowed maximum credits,

The revision thereof in its session dated 30/05/2007,

Decided the following:

Article 1 - Amendment of the burdening ratio contained in Form 2 of the instructions for the allowed maximum credits issued by the Monetary and Credit Council's Decision No. 101/M.C.C/B4 dated 02/01/2005, **as follows**:

Amending the burdening ratios of confirmed letters of credit for export (Account No. 30511) and non-confirmed letters of credit for export (Account No. 30521) for the purpose of calculating the maximum credit that can be granted to one natural or legal person or a related group (relevant) of persons from 30% to 10%, considering that the export credit does not constitute an obligation on the customer.

Article 2 - This Decision shall be communicated to all competent bodies to put it into force.

In Damascus, on 30/05/2007

Governor of the Central Bank of Syria
Dr. Adib Mayala

Endorsed by
Prime Minister
Eng. Muhammed Nagi Etri

Secretary of Monetary and Credit Council
Hanaa Ouda