The Monetary and Credit Council Decision (101/M.C.C)

Date: 30 July 2017

The Monetary and Credit Council, pursuant to the provisions of Law No. 23 dated 17 March 2002, especially /**Article 99**/ and its amendments, and in accordance with the provisions of /**Article 11**/ of Legislative Decree No. 35 of 2005 concerning Islamic banks, and based on the letter from the Banking Supervision Department No. 5817/16 dated 10 July 2017, and its memorandum concluded after its session held on 16 July 2017, **decides the following:**

Article 1: The second and third articles of Monetary and Credit Council Decision No. 501/M.C.C/S4 issued on 10 May 2009, are amended as follows:

A. A bank's total[1] deposits, permissible investments, and financial commitments arising from items within the bank's budget with its banking group, including securities issued by that group, must not exceed 100% of its net private funds specified in Model No. 1 for conventional banks and Model No. 7 for Islamic banks attached to these instructions. Additionally, the total non-cancelable transactions within and outside the budget with the banking group must not exceed 150% of the bank's net private funds, calculated according to the method specified in Model No. 2 for conventional banks and Model No. 8 for Islamic banks attached to this decision.
B. A bank's total[1] deposits, permissible investments, and financial commitments arising from items within the bank's budget with its banking group abroad, including securities issued by them, must not exceed 100% of its net private funds specified in Model No. 1 for conventional banks and Model No. 7 for Islamic banks attached to these instructions. Additionally, the total non-cancelable transactions within and outside the budget must not exceed 100% of the bank's net private funds, calculated according to the method specified in Model No. 3 for conventional banks and Model No. 9 for Islamic banks attached to this decision.

Article 2: The maximum allowed limit for the total foreign exchange position specified in /**Article 3**/ of Decision No. (362/M.C.C/S1) dated 4 February 2008, is modified to be 60% of the total net basic funds specified in Model No. 1 attached to Decision No. (362/M.C.C/S1) and its amendments, instead of 40%.

Article 3: Licensed banks are allowed, at their own responsibility, to retain the existing structural foreign exchange position, regardless of the maximum percentage specified for this position in /**Article 2**/ of Decision No. (362/M.C.C/S1) dated 4 February 2008, and its amendments,

[1] Deposits, permissible investments, and commitments are calculated net if there is a binding agreement enabling the clearing of these items

provided that the retained structural foreign exchange position does not exceed the amount specified in foreign currency according to the decisions issued in this regard.

Article 4:

A. The exceptions properly granted to some banks regarding the maximum percentages specified in the above articles shall continue until the expiration of the period specified in the relevant decisions and guidelines.
B. Taking the exceptions mentioned in item /**A**/ into consideration, banks that exceed the established limits referred to in this decision must liquidate this excess according to the specifications stipulated in item /**C**/ of this article.
C. Banks are given a ten-month grace period starting from the effective date of the decision to liquidate any excess resulting from its implementation, ensuring that the liquidation is gradual, with the amount liquidated not less than 10% of these excesses monthly. The due date for investments in government securities and securities outside the country should be considered in the effective date of the decision.

Article 5:

A. Banks are obligated to exercise due diligence in their investments, facilitations, financings, and foreign currency positions, and to persistently and continuously monitor exchange rate developments. They must study the impact of exchange rate fluctuations and take necessary measures to manage the risks arising from them. The banks' risk management committees are required to submit periodic and emergency reports to the board of directors regarding the risks associated with foreign currency investments and exchange rate changes. The board must give these reports the necessary attention and exercise effective supervision over the risk management process, adopting measures necessary to control these risks within acceptable levels and in alignment with their solvency.
B. The board of directors and the executive management must also make decisions and take necessary actions when required to reduce concentration ratios below the levels permitted by this decision, as part of their monitoring of the risks arising from these concentrations, with the aim of maintaining them within acceptable levels.

Article 6: Until a decision is issued to establish the standing committee for the supervision of banks and financial institutions, the management committee of the Central Bank of Syria is delegated to review and adjust, whether by increase or decrease, the ratios and duration specified for the liquidation of the excesses identified in paragraph /**C**/ of /**Article 4**/.

Article 7:

A. The provisions of the decision of The Monetary and Credit Council No. (1101/M.C.C/S4) dated 2 April 2014, are hereby repealed.

B. The operating banks are bound by the provisions of the decision of The Monetary and Credit Council No. (501/M.C.C/S4) dated 10 May 2009, in all respects not covered by the provisions of this decision.
C. This decision shall come into force from the date of its notification until 30 June 2018.
D. The contents of this decision shall be reconsidered prior to the date specified in item /**C**/ of this article in the event of a change in the current circumstances and stabilization of exchange rates, based on the Central Bank of Syria's monitoring of this matter.

Article 8: This decision shall be communicated to whom it may concern for implementation.

Chairperson of The Monetary and Credit Council
Dr. Duraid Durgham

Accredited by The Prime Minister
Eng. Imad Khamees