Syrian Arab Republic

Monetary and Credit Council

الجمهورية العربية السورية

مجلس النقد و التسليف

NO. 538/MC/B4
Dated 26 July, 2009

The Monetary and Credit Council,
Based on the provisions of the Central Bank of Syria Law and the Basic Monetary System No. /23/ of 2002,
The memorandum prepared by the second deputy governor, dated 4/8/2009 attached with the letter of the Chairman of the Board of Commissioners of the Syrian Commission on Financial Markets and Securities No. 885 / P.A. dated 28/07/2009, and upon considerations in its session held on 5/08/2009,
Decides the following:

Submit a recommendation to the Prime Minister, which includes a draft instructions regulating Arab and foreign citizens investment in the Damascus Stock Exchange.

Article 1: Investors from Arab and foreign countries, whether natural or legal persons, shall be permitted to invest their money, both buying and selling, in the securities listed on the Damascus Securities Exchange. They shall also be permitted to own the securities issued by the Syrian shareholding companies listed on the Damascus Securities Exchange, subject to the provisions of the laws, legislations, and decisions in force for the banks, supervisory authority for insurance, exchange companies and microfinance companies.

Article 2: Licensed financial services and intermediation companies shall inquire, on their own responsibility, about Arabs and foreigners wishing to invest in the Damascus Securities Exchange, whereby any services and financial intermediation company shall obtain, before conducting any dealings with any customer, information related to the customer's identity, status, financial solvency, eligibility to contract, the extent of experience in the investment field, and investment goals related to the services required to be provided.

Article 3: Licensed services and financial intermediation companies shall be permitted to subscribe or buy Syrian securities for the account of Arab and foreign countries nationals in accordance with the following conditions:

1. An account shall be opened in the name of the Arab or foreign investor in Syrian pounds with the Financial Services and Intermediation Company fed from deposits in foreign currencies with the licensed bank, the source of which is external transfers, where each deposit shall be transferred to Syrian pounds specifically for this purpose.

2. That banks shall obtain written approval from the Arab or foreign investor with the ability to declare their deposits in foreign currencies designated for investment in the Damascus Securities Exchange.
3. The Syrian Commission on Financial Markets Securities shall be monthly informed of the names of individuals or institutions from Arab and foreign countries investing in the Damascus Securities Exchange.

Article 4:

A. The value of securities shall be paid by Arab and foreign investors in Syrian pounds resulting from the exchange of its equivalent in foreign currency from the investor's deposit in foreign currencies, as indicated above, provided that the investor shall provide the services and financial intermediation companies approved by him/her with the various documents related to the account in foreign currency, the transfer or switch currency issued by the bank.
B. Foreign currency exchange rates shall be determined in accordance with the Foreign Currency Prices Bulletin issued by the Central Bank of Syria on the date of securities purchase.

Article 5: The Syrian Commission on Financial Markets Securities shall verify that the Financial Services and Mediation Company has implemented the provisions of Article (3) above and informed the Directorate of Banking Supervision in the Central Bank of Syria about any violations upon their occurrence.

Article 6: Services and financial intermediation companies shall be required to submit periodic reports to the Syrian Commission on Financial Markets Securities on all investments in Syrian securities made by investors from Arab and foreign countries nationals, as well as when disposing of these securities.

Article 7: Arabs and foreigners shall pay the value of their contribution to the capital of the services and financial intermediation companies in foreign exchange in exchange for registering the equivalent of their value in Syrian pounds according to the purchase prices in the Foreign Currency Prices Bulletin issued by the Central Bank of Syria on the date of transfer.

Article 8: The investment of Arab or foreign investor in the securities listed on the Damascus Securities Exchange may not be less than five hundred thousand Syrian pounds, with the exception of his/her subscription to the capital of joint stock companies.

Article 9: After obtaining the approval of the Central Bank of Syria, licensed banks shall sell foreign currencies to Arab or foreign investors in the Damascus Securities Exchange to re-transfer the amounts of deposits in foreign currencies that had been transferred into Syrian pounds specifically for investment in the Damascus Securities Exchange according to the following:

- In the event that the Arab or foreign investor wishes to retransfer deposits in foreign currencies, their profits and returns six months before the date of transferring those deposits into Syrian pounds, a 50% commission shall be deducted in favor of the Damascus Securities Exchange from profits for each deposit resulting from trading.
- In the event that the Arab or foreign investor wishes to re-transfer deposits in foreign currencies, their profits and returns after the lapse of six months and before the lapse of a year from the date of transferring these deposits to Syrian pounds, a 25% commission shall be deducted in favor of the Damascus Securities Exchange from profits for each deposit resulting from trading.
- The Arab and foreign investor shall be entitled to completely transfer the amounts of deposits in foreign currencies, the profits and returns that have been achieved as a result of investing them in the Damascus Securities Exchange in full after the passage of one year since the date of transferring those deposits to Syrian pounds.
- No commission shall be required if the amount to be paid is equal to or less than the original deposit in Syrian pounds (i.e. on the date it was transferred into Syrian pounds).

Article 10: Arabs and foreigners residing in Syria shall be treated as Syrians in their dealings on the Damascus Securities Exchange.

Article 11: Licensed banks shall be prohibited from granting credit facilities to their customers to form a portfolio of securities traded on the Damascus Securities Exchange.

Article 12: Licensed banks shall be prohibited from granting loans and opening credit accounts in Syrian pounds to investors from Arab and foreign countries nationals in exchange for mortgaging any shares or bonds listed on the Damascus Securities Exchange, and banks violating the provisions of these instructions shall be subject to appropriate legal and administrative procedures and measures.

Article 13: This decision shall be notified to whoever is required to implement it.

Damascus on 5/08/2009

Chairman of the Monetary and Credit Council

Dr. Adeeb Mayala

Certified by the Prime Minister

Engineer Imad Khamis

Secretary of the Monetary and Credit Council

Layla Tannous