



Syrian Arab Republic

Law no./8/

President of the Republic

Basing on the rules of constitution

And based on what was decided by the People's Assembly in its session held on 04/07/1442H, corresponding 16/02/2021

Issues the following:

First chapter

Definitions and scopes

Article 1 – the words and phrases mentioned in the exhibition of the application of this law have the meaning indicated next to each of them :

Banks : Microfinance banks

Strategic partner: legal person who possesses the experience and efficiency , financial solvency , administrative and organizational ability in the field of microfinance that are necessary for bank foundation , and have a good professional reputation.

Working banks: licensed banks in Syrian Arab Republic whether public or established private banks , conform the rules of the law no./28/ year 2001 and amendments or established investment banks conform the rules of the legislative decree no./56/year 2010.

Article 2- this law aims to the financial inclusion to the largest possible segment of law-income people or no income people who has the ability to engage in economic activity , and can not reach to financial banking services , by providing various financial products and services in the areas of credit , savings , insurance , and related non- financial services like training , building abilities , advice clients and other, in order to provide additional income, to create job opportunities , and improving the quality of life seeking or strengthening the economic and social dimension in order to achieve sustainable development .

Second chapter

Foundation

Article 3-

- a) The Monetary and Credit Council issues the license to establish banks in form of joint stock companies anonymous aimed at providing microfinance in addition to the other financial and banking services stipulated by law.
- b) It is required that one of the founders be a strategic partner, the Monetary and Credit Board sets the conditions and standards that must be met in the strategic partner.



Article 4-

- a) Banks may be founded by Syrian associations, or private establishments or non-Syrian establishments which possess the experience and efficiency in this kind of activity.
- b) The associations or the Syrian private establishments are required to have the characteristic of public benefit conform the laws in vigor.
- c) It is not permissible for a legal person incorporated or a shareholded by an institution that does not posses the status of public benefit to participate in the establishment of banks and contribute to them.
- d) Non-Syrians, upon incorporation or participation, are required to obtain prior approval of the head of the cabinet.

Article5-

The working banks are permissible participation in banks foundation and incorporation after obtaining the approval of :

- a) Council of ministers upon the recommendation of the MONETARY AND CREDIT COUNCIL in which is determined their participation ratio in the capital.
- b) The MONETARY AND CREDIT COUNCIL for the private banks and investment banks .

Article 6-

- a) The founders are not permissible to relinquish his propriety of any of his shares to others before issuing three winning annual budgets .
- b) With respecting the rules of the paragraph/A/ of this Article , the strategic partner is not permissible to relinquish any of his shares partially or entirely at any time except with prior approval of the MONETARY AND CREDIT COUNCIL , in case of non-approval the council decision must be issued with justification.

Article 7- contribution ratios:

- a) The minimum limit of the contribution ratio of strategic partner must not be less than (25%) twenty five percent of the capital .
- b) With respect of the rules of paragraph /A/ of this article ,in case that the bank takes a form of public joint stock company , the contribution ratio will be as follows:
 - 1- The participation of the natural person ration must not exceeds (10%) ten percent of the capital , contribution of the spouse and sons & daughters enter within this ratio.
 - 2- The maximum limit of the total ratios of non-Syrian contributions must not exceed (49%) forty nine percent of the capital including the contribution ratio of the non-Syrian strategic partner.
 - 3- The percentage offered for public subscription must not be less than (25%)twenty five percent of the capital .



Third chapter

Capital

Article 8-

- a) The minimum limit of the bank capital must be /5,000,000,000./SP five milliard Syrian Pound , distributed into negotiable nominal shares in value of /100/Syrian Pound for one share , it is permissible to increase the minimum limit of capital by a decision of council of ministers , based on suggestion of the MONETARY AND CREDIT COUNCIL.
- b) Part of the capital may be in the form of in-kind advances providing that the value of this parts does not exceed percentage(10%) ten percentage of the total capital being evaluated upon establishment. The MONETARY AND CREDIT COUNCIL sets the necessary controls regarding the evaluation of these introductions which is Re-evaluated upon dissolution and liquidation only.
- c) In case the bank is a private joint stock company , the cash capital shall be deposited in full and in one installment upon incorporation into a special account at central bank of Syria.
- d) In case the bank is a public joint stock company , a percentage of (50%) fifty percent of the declared capital is deposited in cash in one installment upon incorporation into a private account at the central bank of Syria , the value of the entire subscribed share shall be completed within a period not exceeding three years from the date the bank's start of practicing its activity.

Article9-

The MONETARY AND CREDIT COUNCIL may assign the bank to increase its capital according to the extent of growth of its activities and potencies to achieve the approved standards of capital adequacy .

Article 10-

The non- Syrian shareholder or non-resident Syrian shareholder settles the value of his contribution in the capital in foreign currency according to the exchange rate bulletin issued by the central bank of Syria on the settlement date.

Fourth chapter

Services and activities

Article 11 -the bank provides the following services and activities:

- a) Accepting deposits in Syrian Pounds .
- b) Finance , financial products and smaller loans with or without warranty .
- c) Opening of current and saving accounts
- d) Insurance services and re-insurance at Syrian insurance companies, granted to those targeted in accordance with the controls set by the insurance Supervision authority.
- e) Investment in the state securities and in securities issued by the central bank of Syria.



- f) Advice and counseling in the administrative, marketing and technical fields.
- g) Training services, doing researches, issuing brochures, statistics preparation necessary for its work.
- h) Participation with the banking apparatus to money transfer upon the request of the persons inside the territories of Syrian Arab Republic, especially in the regions where no branches of working banks available, according to the controls issued by the MONETARY AND CREDIT COUNCIL in this regard.
- i) Any other services in accordance with its work nature and scope prior approved by MONETARY AND CREDIT COUNCIL in this regard.

Article 12-

- a) By prior approval of the MONETARY AND CREDIT COUNCIL the bank is permissible to :
 - 1- Borrowing the money needed to do his business.
 - 2- Participation in incorporation banks inside Syrian Arab Republic according to the controls determined by this law.
 - 3- Creation a foreign currency exchange center according to the controls and standards set by the MONETARY AND CREDIT COUNCIL including setting the maximum percentage of these subscriptions to form the exchange center. And can be deducted by a decision of MONETARY AND CREDIT COUNCIL, provided that this foreign currency is done to one of the working banks or to central bank of Syria.
- b) By a prior approval of central bank of Syria, the bank is permissible to:
 - 1- Open /establish branches, offices and mobile banking services units in the area where he sees a need for these services or any ordinary or electronic outlets acceptable to provide services.
 - 2- Purchase of real estate inside territories of Syrian Arab republic to exclusively exercise his services
 - 3- To cessation, in whole or in part from practicing his services for any period of time according to justified reasons.
 - 4- Accepting gifts, bequests and donations according to the laws and regulations in vigor.

Fifth chapter

Commitments cc

Article 13- The bank is obliged to do the following:

- a) To deposit in a frozen account without benefit at central bank of Syria a sum equal to (5%) five percent of the capital, this sum is considered an element of his fixed assets, returned to it when it is dissolved or liquidated.
- b) To comply with international accounting standards
- c) To use the modern techniques in its operations and services including electronic payment according to the regulating decisions issued by the monetary and credit council and central bank of Syria.



Sixth chapter

Control and supervision

Article 14-

- a) With respect of the related rules coming in the basic cash system and law of central bank of Syria no./23/ year2002 and amendments , and the main principles of international banking control , the monetary and credit council does the following:
- 1- Control on the established banks according the rules of this law with regard to the conduct of its business and services and compliance with its regulations .
 - 2- Assigning whoever he deems appropriate from the specialists , in cases of necessary , to carry out specific tasks related to auditing banks records , accounts , books ,correspondence , and placed technical systems to verify the correctness of their operations , services and banking activities.
 - 3- Taking all procedures for correcting the banks situations and keeping the shareholders, depositors and dealers rights .
- b) The monetary and credit council puts the preventive rules and controls necessary for the continuity and safety of the banks work. It agrees on the suggested benefit rates taking in consideration the special nature of their scopes and services .

Article 15-

Banks are subject to the supervision of the insurance supervision authority, in regard to its activities in the field of insurance services of clients, and complies with providing with periodic statements requested by the central bank of Syria.

Seventh chapter

Exemptions and benefits

Article 16-

- a) Banks are exempted from taxation on the net profits resulting from their work during the first five years of practicing their business.
- b) The percentage of income tax on net benefits realized by the banks incorporated on the form of private joint stock companies anonymous are determined on all their activities in percentage (14%)fourteen percent including all additions , except addition of the national contribution for reconstruction and the addition in favor of the local administration.
- c) The percentage of income tax on net benefits realized by the banks incorporated on the form of public joint stock companies anonymous are determined on all their activities in percentage (10%)ten percent including all additions , except addition of the national contribution for reconstruction and the addition in favor of the local administration.
- d) The banks dealers are exempted of all fees of any name on any contract or operations they conduct with the bank including mortgage fees and stamp fees.
- e) The banks dealers are exempted of income tax on the profit realized by the deposits in the bank for the deposits which value do not exceed 2,000,000. Syrian Pound two million Syrian Pound whether these sums were in one deposit or in several deposits for one person.



Article 17-

- a) The banks are permissible to deal with foreign currency according the regulations of foreign currency in vigor and the regulations that are issued by monetary and credit council , and are forbidden to carry on any operational activity with foreign currency .
- b) The banks , basing on their properly certified balances and annual accounts can transfer the coming benefits abroad through any of the licensed financial institutions , which is permitted to conduct money transfer and transfer operations abroad .
 - 1- The benefits , incomes and other costs resulting on the capital paid by the non-Syrian shareholders and non- residents Syrians.
 - 2- The compensations and the expenses related to the work of banks directly due to members of the management board and the technicians working at them who are not Syrian.
 - 3- A percentage of (50%) fifty percent of the net of wages ,salaries and awards and percentage of (100%) one hundred percent of the due indemnity for experts and technicians working in the bank and are not Syrian .
 - 4- The value of the sold or refunded shares by the shareholders who are non-Syrian or non-resident Syrian.
 - 5- The proceeds of the banks liquidation of non- Syrian shareholders
 - 6- Amounts owed by the bank and must be paid and transferred abroad by foreign currency.

Eighth chapter

Prohibitions

Article 18- Banks are prohibited from doing the following:

- a) Practicing the commercial , industrial and agricultural works and activities or any other activity which has no relation with the financial and banking works and services permitted in this law.
- b) Participation or contribution in industrial , commercial , agricultural , services or tourism establishments
- c) Granting the loans or the banking facilities whether directly or indirectly to the chairman or to the members of board of directors or to general director or their relatives till the third degree and the spouses of those and their relatives till the second degree.

Ninth chapter

Management

Article 19-

- a) The board of directors is formed according to the provisions of companies law and according to fit and conformity standards approved by the central bank of Syria , and after his approval of the nomination of members.
- b) The general manager or CEO of the bank is requires to have practical experience in the banking field , or in the microfinance field , according to the fit and proper standards approved by the central bank of Syria , and he is appointed by the board of directors after obtaining the approval of central bank of Syria,



- c) It is not permissible who holds apposition of executive manager , or general manager or vice general manager or manager in the bank to be a solidarity partner in persons companies or a member in the board of directors of a company , or to be a manager or official in another company or to practice any of commercial private works.
- d) Banks may enter into technical assistance or administrative contracts with any party who has banking experience or in microfinance field according to the provisions of companies law.

This is subjected to the approval of central bank of Syria and monetary and credit council.

Tenth chapter

General and final rules

Article 20-

- a) Associations or private establishments are prohibited from receiving deposits or making loans for the purpose of practicing bank works.
- b) Anyone who violates the provisions of the paragraph /A/of this article from the board of directors or their representatives or associations employees or private establishments is punished by temporary arrest and fine equivalent to double what he received from the public. And the association is required to return the money collected to their owners.

Article 21-

- a) With respect the provisions of the article /5/of this law it is not permissible to any of the public institutions to be either a founder or shareholder in the bank.
- b) Regulating the mechanism and method of transferring the ownership of the shares of the public institutions in the existing bank , including dealing with and organizing all the rights and obligations resulting from the participation in it are to be organized by a decision of the head of the cabinet basing on suggestion of the monetary and credit council.

Article 22-

Loans and facilities contracts documented by written document are considered executor documents stipulated in the procedural law ,the provisions of the law no./19/ year 2014 are applied in everything related to these contracts.

Article 23-

Central bank of Syria puts a model of the bank articles of association with correspondence to provisions of this law , and is issued by a decision from the monetary and credit council , the banks articles of associations and any modifications on them are subject of the approval of monetary and credit council or to whoever it delegates.

Article 24-

- a) A licensed bank may not conduct its business unless the central bank of Syria issues a decision with bank registration in the banks register , after completing the establishment procedures according to this law.



- b) The licensed bank must start its works during one year from the date of registration , it may not assign the license to a third party wholly or partially , before or after commencing work.
- c) The bank's license is considered as null and void and will be removed from the bank's registry in the event of violation the provisions of paragraph/B/ of this article.

Article 25-

the established financial social banking associations according to the provisions of the legislative decree no./15/of year 2007 and Ebda'a bank for small and microfinance according to the provisions of the law no./9/ of year2010 must adjust their positions and amend their regulations within two years starting from its effective date.

Article 26-

Law no./23/ of year 2002 and its amendments that include the basic cash system and law of Central Bank of Syria law no./22/ of year 2005 of Syrian securities and financial market authority law, the legislative decree no./33/of year 2005 and amendments including establishing the anti-money laundering and fighting terrorism financing authority , and the legislative decree no./43/ of year 2005 including organization of the insurance market , and the law no./33/ of year 2007 including trade law , and the legislative decree no./30/ of year 2010 including banking secrecy law , and the legislative decree no./29/ of year2011 and amendments including companies law are applied on whatever is not set in this law.

Article 27-

The monetary and credit council issues the necessary executive instructions for application the provisions of this law , especially that belonging with licensing and registration procedures including expenses of verification , registration , controls of strategic partner of these banks , and reconcile the situations with its provisions during three months from the effective date properly.

Article 28-

The legislative decree no./15/ year2007 , paragraph/3/ of the article /8/ , articles/7/ and /22/ , paragraph/4/ of the article/15/ of the law no./9/ year2010 are repealed.

Article 29 –

This law to be published in the official newspaper.

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President of the Republic

BASHAR AL ASSASD (signed)

Translation from Arabic

Sworn translator

