

The Monetary and Credit Council Decision (373/M.C.C)

Date: 14 October 2021

The Monetary and Credit Council, pursuant to the provisions of Law No. 23 of 2002, and its amendments, the provisions of Law No. 8 of 2021 and its executive instructions, and based on the Banking Supervision Department's letter No. 5915/16 dated 12 October 2021, and the memorandum concluded after its session held on 14 October 2021, **decides the following:**

Article 1: Approval of adopting the standards of conformity and suitability for the

General Standards

appointment/election of board members at microfinance banks as follows:

First - Experience:

The required experiences are limited to the following:

1. Experience in the field of microfinance activity, which takes one of the following forms:
 - a. **Direct experience:** Through the candidate's occupation of a suitable job position not less than the middle management level, or being an executive board member at any banking institution that practice microfinance activity, or at private non-governmental associations/institutions or governmental institutions or entities/programs that effectively practice an activity that can be included within the framework of microfinance activity or related to the development of population segments targeted by Law No. 8 of 2021, whether inside or outside Syria, provided that it is not less than 3 years.
 - b. **Indirect experience:** Through the candidate's membership on a non-executive board (or equivalent in terms of competencies) at any entity mentioned in the previous paragraph for no less than 4 years.
2. General experience in the Banking domain, which takes one of the following forms:
 - a. **Direct experience:** Through the candidate's occupation of a suitable job position not less than the middle management level, or being an executive board member in one of the local or foreign banking institutions that do not practice microfinance activity, provided that the experience is not less than 3 years.

- b. Indirect experience:** Through the candidate's board membership at a banking institution or through being a member of the academic staff at different universities in fields related to the banking industry, for no less than 4 years.
- 3. Financial experience:** In the field of organizing or auditing the accounts of capital companies or in the field of insurance or financial brokerage and others, for at least 5 years.
- 4. Commercial experience:** In case the candidate is a registered merchant in any commercial field, for at least 10 years, and in case this activity provides the person practicing it with experience that enriches the work of the bank's board.
- 5. Professional experience:** Being self-employed, practicing a profession in the fields of industry, agriculture, crafts, etc., and to be practicing or have previously practiced an activity that provides its practitioners with experience that intersects with the types of products offered to the public and is likely to enrich the work of the bank's board of directors, provided that the experience is not less than 10 years. It should be noted that if the profession practiced does not permit membership on the boards of commercial companies, then a commitment must be provided to adjust the situation to comply with the membership in case of election.
- 6. Administrative experience:** In case the candidate is an administrative official in a capital company or an industrial, commercial, agricultural, or any other institution, and that their administrative role has provided them with experience that is likely to enrich the work of the bank's board of directors, provided that the experience is not less than 10 years.

Second: Academic Qualifications:

A candidate must have no less than a university degree.

Third: Legal Stipulations:

- 1. A candidate must meet all the conditions set forth in the bank's articles of association, especially regarding the ownership of membership guarantee shares or providing a commitment to purchase them within the specified period if the candidate is a shareholder.
- 2. The availability of conditions outlined in the provisions of **/Article 142/** of the Companies Law issued by Decree No. 29 of 2011 and any amendments thereto.
- 3. It is required that the chairperson of the board of directors shall not be, in their personal capacity or as a representative of a legal entity, the chairperson of the board of directors of more than two joint-stock companies to which the provisions of the Companies Law in force apply, including the concerned bank.
- 4. The candidate must not be a member of the board of directors of any operating bank in Syria unless their situation is adjusted according to the provisions of **/Article 103/2/** of the Basic Currency Law No. 23 of 2002 and its amendments.

The Composition of the Board of Directors

1. The minimum number of board members specified in the bank's articles of association must not be less than 7 members if the legal form of the bank is a public joint-stock company, and 5 members if the legal form of the bank is a private joint-stock company.
2. Diversity of experiences in the board composition should be considered, subject to the assessment of the Central Bank of Syria, in light of the adopted conformity and suitability standards, principles of good governance, and after studying each case individually.
3. All candidates for board membership must have good financial reputations.
4. The majority of board members must have experience in the microfinance field as classified under paragraph **/First, 1/** above. It is also possible to consider banking experience classified under paragraph **/First, 2/** above when calculating the required number of members according to the previous paragraph, subject to the following conditions:
 - a. Inability of a bank to attract candidates with the required experience in microfinance. That is verified through requesting a list of names of all applicants for official nominations after announcing in daily newspapers, along with the opinion of the Nominations and Rewards Committee emanating from the board for each of them (the applicants), including candidates not accepted by the committee and the reason for rejecting their nomination. Alternatively, the bank may provide evidence that it has corresponded with individuals who possess the required experience under paragraph **/First, 1/** above to serve on the board, and their refusal to apply.
 - b. In any case, the board composition must include at least one member with experience in microfinance, and this member must be an executive member if this condition is met.
5. The proportion of board members with experience classified under paragraphs **/First, 3, 4, 5, and 6/** above must not exceed one-third of the board members, and they must not be executive members.
6. Regarding the chairperson of the board and their deputy:
 - a. The chairperson and their deputy must have the experiences mentioned in paragraphs **/First, 1 and 2/** above.
 - b. Both the chairperson and their deputy must have the ability to perform all tasks and responsibilities assigned to this position, whether the chairperson is a natural person or a legal representative, and this determination is made by the Central Bank of Syria.

7. In the context of implementing good governance standards, if the legal form of the bank is a private joint-stock company, the following aspects are taken into account:
 - a. **Significant Interest:** A shareholder ownership of more than 10% of the bank's capital.
 - b. **Regarding the quorum of independent members,** One-third of the board members must be independent members, and any fractions should be rounded down.
 - c. **Regarding the quorum of non-executive members:** One-third of the board members must be non-executive members, and any fractions should not be rounded down.

General Provisions

1. All microfinance banks must prepare a governance manual that aligns with the conformity and suitability standards.
2. These standards apply to board members, whether they are natural persons or representatives of legal entities.
3. These standards apply when electing a board of directors for a full term or filling a vacant position on the board.

Article 2: All microfinance banks must adjust the composition of their boards of directors in accordance with the conformity and suitability standards adopted under the provisions of /Article 1/ above, within the two-year period specified for adjusting their status in accordance with the provisions of Law No. 8 of 2021, or in the event of electing a new board of directors for the bank during that period.

Article 3: This decision shall be communicated to whom it may concern for implementation.

Chairperson of The Monetary and Credit Council
Dr. Mhd.Issam Hazime