

The Monetary and Credit Council Decision (201/M.C.C/S4)

The Monetary and Credit Council, pursuant to the provisions of the fourth Section of the Central Bank of Syria Law and the basic monetary system, Law No. 23 of 2002, as well as the provisions of /Article 2/, /Article 4/, and /Article 28/, of Law No. 24 dated 24 April 2006, and in consideration of its deliberations during the session held on 14 May 2006,

decides the following:

Executive Instructions for the Legal Regulation of Currency Exchange Business, issued pursuant to Law No. 24 dated 24 April 2006:

First: Licensing Procedures for Currency Exchange Companies and Offices:

1. Licensing for currency exchange activities can be granted to two types of institutions, in accordance with the provisions of /Article 2/, /Article 4/ of Law No. 24 dated 24 April 2006:
 - a. Currency Exchange Companies: These must be in the form of Syrian joint-stock companies with a minimum capital of /250,000,000/ two hundred and fifty million Syrian pounds.
 - b. Currency Exchange Offices: These must be in the form of partnerships among Syrian natural persons and individuals of equivalent legal status. In addition, their capital should not be less than /50,000,000/ fifty million Syrian pounds.
 - c. Licensed currency exchange companies are allowed, after obtaining prior approval from the Central Bank of Syria, to open three additional branches in addition to their main headquarters without increasing their capital. They may also open other branches, in which case they must increase their capital by /50,000,000/ fifty million Syrian pounds for each additional branch. In remote areas designated by The Monetary and Credit Council, the minimum capital increase for additional branches is determined, as well as the capital for currency exchange offices in those areas (which should be /25,000,000/ twenty-five million Syrian pounds). The Monetary and Credit Council shall also specify how to handle currency exchange machines owned by these companies.
2. The requesting entity seeking a license should submit an application to the Central Bank of Syria, located in Damascus (Banking Supervision Department) using the attached /form No. 1/ for joint-stock currency exchange companies, or using /form No. 2/ for currency exchange offices. These forms can be obtained from the Correspondence Department of the Central Bank of Syria.
3. All fields in the application forms should be filled out, and the forms should be signed by all partners (for offices) or by all co-founders, whether they are natural and legal persons

involved in currency exchange companies. As for legal persons' forms, they should be signed by the chairpersons of their boards of directors.

4. The Central Bank of Syria interviews the relevant individuals and conducts an initial review of the applications. The bank may request any additional piece of information that it deems necessary for further assessment. If needed, the bank may also appoint specialized consulting offices to analyze the applications, especially if one of the founders is an external legal entity that is unknown to the central bank. In such cases, the requesting entity must cover the costs of the consulting office, in addition to the usual expenses.
5. Following the initial review, if the Central Bank of Syria sees a genuine possibility of approving an application, it requests the concerned founders to submit a file containing the following documents:
 - a. Proof of identity documents for all founders (copies of ID cards or passports).
 - b. Valid residency permits for all founders or their equivalent in other countries.
 - c. A summary of the judicial record for each founding partner or its equivalent in other countries.
 - d. Detailed financial statements for each founder, specifically indicating financial obligations and outstanding debts to banks, and if the founder has had any previous bankruptcy declarations. Also, these statements should be signed by the owners and certified by a legally authorized auditor approved by the Central Bank of Syria and the Chamber of Commerce.
 - e. A statement from each partner or founding shareholder indicating their contributions to currency exchange companies or offices in Syria or abroad, specifying the amount and its proportion to the capital if any.
 - f. A certified declaration regarding the bank accounts owned by each partner or founding shareholders in Syria and abroad, including the names and addresses of the banks.
 - g. A summary of the curriculum vitae (CV) for each partner or founder, indicating their educational qualifications and work experience.
 - h. A draft of the establishment contract for offices and the Articles of Association for companies. Once approved by the Central Bank of Syria, the draft of the Articles of Association is sent to the Ministry of Economy and Trade for authentication.
 - i. A receipt proving payment of the expenses of reviewing the license application to the Central Bank of Syria Fund (Banking Supervision Department).
Additional documents may be requested if necessary to complete the assessment process.
6. In addition to the aforementioned, if the company to be established is a joint-stock company with local or foreign legal entities as shareholders, the file must include the following documents:

- a. Full names of the chairperson and board members of each entity, their general manager, nationalities, and places of residence, along with copies of their personal IDs or passports.
 - b. Summaries of their curriculum vitae (CVs) showing their educational qualifications and work experience.
 - c. The Articles of Association of each of the legal entities.
 - d. The latest audited and published balance sheet of each of the legal entities.
 - e. A statement indicating whether any legal entity owns or contributes to banks or other currency exchange companies in Syria or abroad, and the amount of such contribution.
7. The expenses for reviewing the licensing applications for joint-stock currency exchange companies are set at /200,000/ two hundred thousand Syrian pounds, and for currency exchange offices at /40,000/ forty thousand Syrian pounds. These expenses are to be paid to the funds of the Central Bank of Syria in Damascus, and the receipt is to be attached with the rest of the documents. The amount is not refundable to the payers if the licensing application is rejected.
 8. In the case of one or more public banks contributing to the establishment of a joint-stock currency exchange company, the original copy of the Council of Ministers' approval of the contribution must be attached to the application file, specifying that the public banking sector's contribution does not exceed 25% of the capital of the company to be established.
 9. In the case of Arab or foreign currency exchange companies contributing to the establishment of a joint-stock currency exchange company, the original copy of the Council of Ministers' approval of the contribution, with a maximum limit of 25% of the capital of the company to be established, must be attached to the application file. Also, an original copy of the approval from the regulatory authority in the country of the main headquarters of the Arab or foreign company for its contribution to establishing a currency exchange company in Syria must be attached.

Second: Registration Procedures:

1. A currency exchange company or office must commence its operations within six months from the date of licensing. If it does not start operations within this period, the license will be canceled.
2. No currency exchange company or office may commence operations without being registered in the register of currency exchange companies or offices (as applicable) at the Central Bank of Syria.
3. For registration in the register of currency exchange companies or offices, an application for registration must be submitted, accompanied by:
 - a. A receipt for the payment of the full amount of the capital to the fund of the Central Bank of Syria.

- b. A receipt for the payment of registration expenses to the fund of the Central Bank of Syria.
 - c. A copy of the company's Articles of Association or the office's establishment contract after approval by the Ministry of Economy and Trade.
 - d. A copy of the commercial register for the licensed currency exchange company or office.
 - e. A statement with the full names of the chairperson, board members, and general manager of the currency exchange company, their addresses, as well as branch managers if any.
 - f. A copy of the signatures of the authorized signatories for the company.
 - g. The name of the currency exchange office manager and their signature.
 - h. Completion of any missing information in the original licensing file if it was not available at the time of the licensing application, such as the address of the premises or the main headquarters, addresses of the branches, or telephone and fax numbers.
 - i. Approval from the Central Bank for the selection of those premises after inspection.
 - j. A copy of the insurance policy on the cash and fixed assets at the headquarters and branches.
4. Currency exchange companies and offices must be re-registered during January of each year. The process of re-registration requires the following procedures with the supporting documents:
- a. Submission of any modified or additional information to what is indicated in the previous register.
 - b. Payment of annual re-registration expenses.
 - c. Obtaining a new registration number in the register.
5. The expenses for the first-time registration and annual re-registration fees are set at /250,000/ two hundred and fifty thousand Syrian pounds for joint-stock companies and /50,000/ fifty thousand Syrian pounds for each branch of the companies, as well as for currency exchange offices.
6. a. Delay in applying for annual re-registration renewal and in paying the re-registration expenses beyond January will result in doubling the amounts overdue for payment. If the delay exceeds the end of February, it will lead to the temporary closure of the delayed office and all branches of the delayed company – reopening of the offices and branches will not be permitted until re-registration is completed and double the overdue registration expenses are paid.
- b. Delay in paying the doubled annual re-registration expenses beyond the end of March of the same year will lead to the final closure of the company and its branches or the delayed currency exchange office, cancellation of the license,

and removal of the company or office's name from the register of companies or currency exchange offices.

Third: Capital and Reserve Payment:

1. The founders of currency exchange companies and the partners in currency exchange offices shall pay the capital of the company or office, as well as any increase in the capital of the newly established company, as applicable, in one lump sum either in cash, by bank transfer, or by certified check to the Central Bank of Syria's fund. This fund will retain the amount without interest until the licensing and registration procedures are completed. Once the company or office wishes to commence its operations, the board of directors and the authorized signatories have been appointed, and registration in the companies or offices register has been obtained, and the Central Bank has received the list of authorized signatories for the company or office, the company or office may submit a written request to the Central Bank of Syria to transfer the capital to its account at one of the licensed banks and authorize the Central Bank of Syria to instruct the depositary bank to freeze an amount equivalent to 25% of the capital in an account in the name of the company or office, which will be subject to the usual interest rates. The company or office shall not be allowed to use this reserve except with prior approval from the Central Bank of Syria and for the purposes it approves.
2. The reserves formed by currency exchange companies and offices are subject to a freeze of 25% of them in the same bank account, and any increase in capital is subject to the same procedure.
3. The Monetary and Credit Council has the right to amend the percentage of the cash reserve referred to above at any given time, and it may also decide on the possibility of partially or wholly replacing the cash reserve with a bank guarantee for either or both types of currency exchange institutions, and the Council will determine the amount of the guarantee and its conditions.
4. Partners in currency exchange offices, as well as chairpersons, board members, general managers, or branch managers, are not allowed to borrow from the offices or companies against their shares in the capital. The total annual withdrawals from the companies or offices should not exceed the net annual profits after paying tax obligations and deducting the mandatory reserve stipulated in the Commercial Law.

Fourth: Offices and Branches:

1. Before commencing their operations, currency exchange companies and offices must inform the Central Bank of Syria of the location and specifications of their offices and the branches of the licensed companies, and if necessary, request an inspection of these locations by the controllers and engineers of the Central Bank, and obtain the bank's approval for these locations and premises. The approval will consider the needs of

economic and tourist activities and the safety and comfort considerations for the employees.

2. If a currency exchange company wishes to open a branch or branches, the board of directors must submit a written request to the Central Bank of Syria indicating the need for these branches and specifying the cities or towns where the branches are to be opened and their locations.
3. Upon approval to open any branch, the company must pay the required increase in capital under the Currency Exchange Practice Law No. 24 of 2006 to the Central Bank of Syria's fund in cash and in one installment, and request approval for the specified location for the branch to operate and have it inspected by the Central Bank of Syria.
4. The registration process for the branch is carried out by paying the specified registration fees for the branches under **/paragraph 5/** of the aforementioned part **/Second/**. The branch manager is designated and authorized to sign on behalf of the company, and all relevant information related to the branch, such as address, telephone numbers, fax, etc., is provided.
5. The transfer of the company's headquarters or its branch is not permissible without prior approval from the Central Bank of Syria.
6. The transfer of the license of a currency exchange office, a currency exchange company, or any of its branches to others is not allowed except with the prior consent of The Monetary and Credit Council. Such consent is considered a new license that requires all licensing and registration procedures.
7. Each company or office must clearly display a list of currency exchange rates, including any commissions if applicable, at the main headquarters and in all branches and offices. Additionally, a visible notice must be posted for all customers requesting official receipts for their transactions.
8. Printed and sequentially numbered receipts/notifications must be issued, stamped with the company's or office's seal, and signed by the responsible person for each transaction. Furthermore, a sequential record should be maintained, indicating the types of transactions, their amounts, currencies, rates, and the names of the parties involved.

Fifth: Domestic and International Money Transfers in Syria:

Based on **/Article 7/** of the law regulating the operations of currency exchange companies and offices, the Central Bank of Syria, after studying available means and reaching an agreement with relevant institutions, issues instructions regarding the transfer and remittance of funds within Syria and between Syria and abroad. These instructions specify the conditions, methods, and allowable mechanisms.

Sixth: Accountants, Controllers, and Account Auditors:

1. Each currency exchange company must employ one or more full-time certified accountants to organize its accounts, records, and annual balance sheets. They are also

responsible for preparing accounting and statistical data and all documents requested by the Central Bank of Syria, whether periodically or as needed.

2. Each currency exchange office must utilize a certified accountant to manage the office's regular accounts and provide the necessary data requested by the Central Bank of Syria regarding office operations.
3. Currency exchange companies and offices must adhere to International Accounting Standards in preparing their accounts and financial statements.
4. Currency exchange companies and offices must cooperate with inspectors and controllers from the Central Bank of Syria, providing them with all records and data required to assess their status, investigate any violations, and verify the accuracy of the data provided.
5. Each company or office must appoint two legal auditors selected from the list of auditors approved by the Central Bank of Syria. These auditors are responsible for auditing the company's accounts and authenticating its annual financial data, including balance sheets, profit and loss accounts.
6. All companies and offices must comply with the provisions of the Anti-Money Laundering and Terrorism Financing Law, as well as the instructions issued by the Combating Money Laundering and Terrorism Financing Commission in implementation thereof. Employees should be informed and trained to apply the provisions of these instructions.

Seventh: This decision shall be published in the Official Gazette, communicated to whom it may concern for implementation and effective as of 1 July 2006.

Damascus, 24 May 2006

**Chairperson of The Monetary and Credit Council
Dr. Adeeb Mayyaleh**

**Accredited by the Prime Minister
Eng. Muhammed Naji Itry**

**Secretary of The Monetary and Credit Council
Hana'a Audeh**

