

Syrian Arab Republic

Credit and Monetary Board

Decision no. (512/MN/B4)

Credit and Monetary Board,

Based on provisions of Art. (86/3) of Law No. /23/ for 2002, and provisions of Art. No. /14/ of Law /34/ for 2008,

And based on note verbal of the Government Commissioner's Directorate with the banks No. 1676/100/5 dated 5/5/2009, and its deliberations in its session convened on 13/5/2009,

Decides as follows

Art. /1/: Adopting the special instructions pertaining to granting approval for opening the representative offices belonging to banks and other non-Syrian financial institutions in the Syrian Arab Republic.

Art. /2/: This decision shall be published in the official gazette along with the full text of instructions attached thereto, and it shall be enforceable as from the date of its publication.

Damascus on 13/5/2009

Credit and Monetary Board Chairman

Chairman

Dr. Adeeb Mayyaleh

Certified

Prime Minister

Eng. MHD Naji Otari

Credit and Monetary Board Chairman Secretary

Layla Tannous

The special instructions pertaining to the procedures for granting approvals for opening the representative offices belonging to banks and other non-Syrian financial institutions in the Syrian Arab Republic.

Article. (1)

Definitions:

The following words and expressions shall have the meanings assigned next to each of them, unless otherwise stipulated by context:

The financial institution or institutions: The banks and other non-Syrian financial institutions willing to open a representative office in the Syrian Arab Republic.

Record: The record prepared by the Central Bank of Syria for registering the representative offices belonging to non-Syrian financial institutions.

A representative office or representative offices: The representative offices opened or intended to be opened in the Syrian Arab Republic.

Article. (2)

a- The financial institution shall submit to the Central Bank of Syria - the Government Commissioner's Directorate – an application in Arabic as per the form No. (1) expressing desire to open a representative office in the Syrian Arab Republic, signed by person authorized of follow up in presence of the official in charge or the notary public and supported by the following documents:

1- The following data and information:

- Information on the group to which the financial institution belongs as per the forms (2-1), (2-2), (2-3), (2-4).
- A statement of the financial institutions' affiliates as per the form No. (3).
- Statements on chairman, board directors and general manager of the financial institution in case it was in the shape of a joint stock company, or a statement of the partners in case it was otherwise as specified in form No. (4).
- A statement on the representative offices existing in other countries or on any external representation for the financial institution as per form No. (5).

- Statements on the general manager of the representative office as per form No. (6).
- A statement on the shareholders who possess 5% or more of the financial institution as per form No. (7).
- 2- A duly certified copy of the power of attorney issued by the notary public to the person or persons authorized to follow up the procedures for having the representative office registered.
- 3- A duly certified copy of the financial institution's bylaw or articles of incorporation, or equivalent.
- 4- A commercial register certificate, or equivalent, duly certified.
- 5- Approval of the control authorities to which the financial institution relates for starting a representative office in Syria, along with a certified statement from these parties of the retributive, administrative and financial penalties these institutions have been subject to.
- 6- The financial statements for the last two years prepared and verified according to international standards.
- 7- Approval of the financial institution's board for starting a representative office in Syria signed by chairman or the authorized signatory, indicating the party to which the office belongs.
- 8- A document certifying that the paid capital of the bank is not less than an equivalent of (1500) million Syrian pounds, regarding banking institutions, and (250) million Syrian pounds, regarding other financial institutions, as per the exchange rate list issued by the Central bank of Syria on the date of submission of the application.
- 9- A copy of the power of attorney whereby the financial institution appoints a Syria-based person as a general manager of the office, who shall also be authorized to serve and be served.
- 10- The economic feasibility study of starting such an office.
- 11- A written undertaking by the financial institution not to violate the valid laws and regulations in Syria.
- 12- The proposed bylaw of the office's line of activity in Syria.

13- A receipt advising the settlement of the study fees as defined by the Prime Minister's decision, in accordance with provisions of Article. (4/w) of Law No. 28 for 2001.

14- Any other document deemed by the Central Bank of Syria as necessary to be presented.

b- The documents mentioned in items (2-3-4-5-6-7-8-9) of paragraph (a) of this article shall be duly certified by competent authorities in the financial institution's domicile and by the Syrian Embassy therein. They shall also be certified by the Ministry of Foreign Affairs and translated into Arabic by a sworn translator, in case these documents were issued in a non-Arabic language as per provisions of Article. (5) of Law No. 34 for 2008.

c- The documents mentioned in items (10-11-12-13) shall be prepared in Arabic, or translated into Arabic by a sworn translator.

d- The documents mentioned in paragraph (a) of this article shall be in two originals.

e- The financial institution shall not be allowed to have more than one representative office in the Syrian Arab republic.

f- The actual practice by the financial institution of its business shall not be less than five consecutive years.

Article. (3)

1- The Central Bank of Syria shall consider the application and the submitted documents in the light of valid laws and regulations, taking into consideration the financial institution's reputation and financial status in the Arab and international circles, and the actual need for starting a representative office and the area in which the office is going to be opened. The Central Bank of Syria shall refer its study to Credit and Monetary Board, which, in turn, refers the study supported by its own opinion to Cabinet to take the proper decision.

2- In case the financial institution was a non-banking one, the approval shall be issued under a decision by Credit and Monetary Board.

3- In case the application was turned down, a new application shall not be submitted till after six months from the date of first rejection.

4- In case application was approved, the Central Bank of Syria shall forward to the Ministry of Economy and Trade a copy of the approval's decision along with a copy of the documents submitted by the financial institution for finalizing procedures of registration with the Ministry, without affecting the valid registration pre-requisites adopted by the said Ministry.

5- In case the office director was of a non-Syrian nationality, the approval of the Minister of Economy and Trade shall be obtained prior to forwarding application to Credit and Monetary Board, without affecting the right of the Central Bank of Syria to demand the change of the office director's nomination at any time under a justified decision.

Article. (4)

a- Following issuance of the approval, the financial institution shall:

1- complement procedures of registration with the Minister of Economy and Trade.

2- Submit to the Central Bank of Syria - the Government Commissioner's Directorate – a registration application supported by:

- A notice advising the settlement of registration fees as defined by Cabinet's decision as per provisions of Art. (4/w) of Law No. (28) for 2001

-A registration certificate issued by the Ministry of Economy and Trade to be obtained as per provisions of Law No. (34) for 2008 and its executive instructions adopted by the said Ministry.

b- The Central Bank of Syria shall have the representative office registered in the record.

Article. (5)

1- The approval for starting a representative office shall be annulled and the office shall be written off the register under a decision by Cabinet upon proposal of the Credit and Monetary Board, as regards to the representative offices belonging to banking financial institutions, and under decision by Credit and Monetary Board, as regards to the representative offices belonging to non-banking financial institutions, in the following cases:

- a- Upon the financial institution's request.
- b- In case the registration procedures were not complemented within six months as from the date of notification of the institution of the approval decision.
- c- In case actual business was not started within a year as from the date of notification of the institution of the decision on having the office registered in the record.
- d- In case the representative office halted its activities without obtaining a prior approval from the Credit and Monetary Board, despite being served with a formal notice for resuming its activities, without abiding by the notice deadline.
- e- In case the representative office managed to represent any other institution, which runs contrary to valid laws and regulations.
- f- In case the representative office was written off the register kept by the Ministry of Economy and Trade as per provisions of Law No. (34) for 2008.
- g- In case the representative office violated valid laws and regulations.

2- The Credit and Monetary Board shall, prior to approval abolition proposal, or approval abolition, as per provision (1) of this article, keep the representative office notified of the need for presenting its remarks to it within ten days as from the date when representative office was notified of the facts justifying abolition decision. The justified decision shall be issued within twenty days as from the date when remarks were made.

Article. (6)

The representative office shall not be allowed to start business unless it has been registered in the record and unless the starting decision has been issued by the Central Bank of Syria.

Art. (7)

The representative office shall locate its headquarters in one of the governorates, after having obtained approval of the Central Bank of Syria. The representative office shall by no means have more than one head office, and shall by no means change such a head office, save under a prior approval from the Central Bank of Syria.

Article. (8)

a- The representative offices shall not be allowed to practice banking activities whatsoever or under any name, nor shall they practice any business activity that aims at realizing profit.

b- Without affecting the aforementioned provision, The representative offices shall undertake to take care of the interests of the institution they represent. Eventually, they shall be allowed to:

1- Transfer the commercial data permitted to be accessed or published in Syria to the party they represent.

2- Boost the relationship and interaction between the party the office represents and the domestic financial institutions.

3- Offer counsel to the party the office represents and its agents abroad as regards to the investment opportunities available in Syria.

4- Perform intermediation acts and procedures between one party in Syria and foreign parties for facilitating banking and financial transactions.

5- Follow up the work and interests of the party it represents regarding any loans, credits, or aid presented by that party or any other foreign banking or financial party to any artificial or natural person available in Syria. Any rights or obligations arising thereof shall be governed by valid laws and regulations.

Article. (9)

a- The head of the representative office shall enjoy the scientific and practical qualifications and other conditions as provided for in articles 102-103 of law No. 23 for 2002, provided he is of the Syria nationality. The head of the representative office could be an artificial person of the Syrian nationality, provided that all the partners are of the Syrian nationality. In such a case, he shall be represented by a natural person.

b- The head of the representative office could be a foreign natural person, after having obtained approval of the Minister of Economy and Trade as per provisions of article 17/1 of law 34 for 2008 and article 3/5 of these regulations.

c- The head of the representative office shall be considered as the official representative and legal agent of the financial institution in Syria. In such a case, his acts and behavior shall be held as done by the party he represents and shall be as binding to such an institution in the eye of law.

d- The Central Bank of Syria shall have the right to reject nomination of the head of the representative office or to demand the annulment of such a nomination, under a justified decision.

e- In his capacity as agent of the financial institution, the head of the representative office shall appoint his employees as per the laws and regulations enforceable in the Syrian Arab Republic.

Article. (10)

a- The financial institution shall open a non-resident account with one of the banks working in the Syrian Arab Republic, to be fed with transfers forwarded by its head office or one of its affiliates abroad in a convertible currency, so as to cover founding expenses and office daily expenditure. The financial institution shall provide the bank that opened the account with the following:

- A statement that permits it to present the data pertaining to this account (including drafts) to Government Commissioner's directorate.

- A list indicating the head office and its affiliates and their addresses.

b- The bank that opened the account in favor of the financial institution shall abstain from executing any draft that is not forwarded by the head office to the financial institution or one of its affiliates.

c- The banks working in the Syrian Arab Republic shall undertake to providing the Central Bank of Syria Government Commissioner's Directorate), every three months, with a statement including all the executed or non-executed drafts coming in in favor of the representative office dealing with them, provided that the drafts mentioned in the aforementioned provision of this article shall be served.

Article. (11)

Apart from the obligations stipulated by the control authorities under valid laws and regulations, the representative offices shall be subject to the control and monitorship of the Central Bank of Syria - Government Commissioner's Directorate - which runs in harmony with the nature of these representative offices and their permissible activities. The representative office shall abide by the decisions and regulations issued by the Central Bank of Syria, and the financial institution shall – eventually – present the following via its office to Government Commissioner's Directorate:

a- A detailed quarterly report on the office's activities, the parties it has dealt with inside and outside Syria, and the nature and results of such a dealing, accompanied by an explanation for the negative and positive consequences the representative offices have incurred upon the financial institution they represent and its affiliates.

b- A detailed quarterly report on the amounts transferred to the office, the size of its expenditure, and the channels through which they were spent, duly verified by the external auditor nominated in Syria.

c- The annual financial statements duly verified as per the international standards.

d- A nominal list of the office staff along with every possible amendment.

e- Any statements deemed by Government Commissioner as necessary.

f- A statement of the following amendments, within a month of the amendment's occurrence:

- The amendments that might have been made on the foreign bank's bylaw or its capital, or in case of merger with another company, or any change that might have been made on its legal nature or commercial register.

- The amendments that might have been made on board members of the financial institution, its general manager, or partners, as regards to corporations sole.

- The amendments that might have been made on bylaw of the representative office or on the power of its director.

- The amendments that might have been made on the shareholders who possess 5% and more of the capital, and the possession by other shareholders of this percentage.

The amendments that are mentioned in this article shall not be held as valid unless duly promulgated.

Article. (12)

The representative offices shall not halt their business activities unless a prior approval has been obtained from the Credit and Monetary Board, under the pain of annulling such an approval in light of the provisions of these regulations.

Article. (13)

The representative offices shall not utilize the trade name of the mother institution, its logo, or any of its intellectual, literary or commercial property rights, without being captioned with the term: "A Representative Office."

Article. (14)

The representative offices registered as per these instructions shall be governed by the valid laws and regulations as regards to any thing that has not been mentioned or provided for in these instructions.

Article. (15)

The approval decision on starting a representative office does not exempt the financial institution from obtaining the necessary licenses and approvals from other parties, or from the obligations provided for in the valid laws and regulations.

Damascus on // 2009

Done by Dr. Rima Al Hakim and Fawaz Zaarour on 5/4/2010