

CHARTER
Of The
Saudi Arabian Monetary Agency

Issued By Royal Decree

No.23 Dated 23-5-1377

ROYAL DECREE

No.23

Date: 23-5-1377

15-12-1957

With the help of God Almighty,

We, Saud Ibn Abdul Aziz Al Saud

King of the Kingdom of Saudi Arabia,

Having seen Decree No. 30141111047 issued on 25th Rajab 1371,

Decree No.17191218762 issued on 17th Ramadan 1374 and Council of

Ministers' Resolution No.103 dated 20th Jumad Awa1 1377, and

In view of what our Minister of Finance has submitted to us,

Ordain the following:

Article 1

The objectives of the Saudi Arabian Monetary Agency shall be:

- (a) To issue and strengthen the Saudi currency and to stabilize its internal and external value;
- (b) To deal with the banking affairs of the Government;
- (c) To regulate commercial banks and exchange dealers.

Article 2

The Saudi Arabian Monetary Agency shall not pay nor receive interest, but it shall only charge certain

fees on services rendered to the public and to the Government, in order to cover the Agency's expenditures. Such fees shall be charged in accordance with a regulation passed by the Board of Directors and approved by the Minister of Finance.

The Agency shall not have a capital and shall, therefore, repay to the Government its entire capital.

Article 3

The functions of the Saudi Arabian Monetary Agency, in relation to circulation of currency and regulation of commercial banks, shall be:

a. To stabilize and strengthen the internal and external value of the currency and take measures capable of strengthening the currency's cover. (For that end, the agency may buy and sell gold and foreign exchange in the market, whenever it deems it necessary and within the limits and conditions approved by the Minister of Finance and National Economy. Such transactions should be conducted with the utmost confidentiality.) *

* An addition was made to Article 3 (a) under Royal decree No. 10 issued on 1.7.

b. To hold and operate monetary reserve funds as separate funds earmarked for monetary purposes only.

c. To mint, print and issue the Saudi Currency and handle all matters relating thereto in conformity with Saudi Currency law No.24, dated 23rd Jumada Awa1 1377.

d. To regulate commercial banks and exchange dealers as may be found appropriate

Each commercial bank operating in Saudi Arabia shall render to the Monetary Agency a monthly statement of its financial position in accordance with the specimen forms prepared by the Agency for this purpose. Each bank shall also make available to the Monetary Agency any information required to clarify or complement the above-mentioned statements.

The statements required by the Agency from banks shall not disclose the private accounts of bank customers.

e. The commercial banks shall be asked to keep with the Monetary Agency permanent funds in certain ratio with what deposits the bank is holding. Such percentage shall,

from time to time, be adjusted to suit the prevailing circumstances, in accordance with a decision passed by the Minister of Finance upon the suggestion of the Agency.

Each bank shall strictly adhere to the instructions issued by the Agency in this respect.

Article 4

The Agency shall undertake the functions of the Government bank in receiving all Government revenues and in paying out funds in accordance with its instructions intimated to the Agency through the Minister of Finance.

Article 5

The Agency shall establish a Research Department to collect and analyze data needed to aid the Government and the Agency in formulating and carrying out financial and economic policies.

Article 6

The Agency shall not undertake any of the following functions:

- a. Acting in any manner which conflicts with the teachings of the Islamic Law. The Agency shall not charge any interest on its receipts and payments;
- b. Receiving private deposits;
- c. Making advances to the Government or private parties;
- d. Engaging in trade or having an interest in any commercial, industrial, or agricultural enterprise;
- e. Buying or holding fixed property except what the Agency reasonably needs for its operations.

Article 7

The Agency shall be under the control of a Board of Directors, which shall be generally responsible for its efficient administration and operation and shall have such powers as are necessary and appropriate to that end. The Board of Directors may make such rules and regulations, as it may consider necessary and appropriate to the conduct of the work of the Agency in accordance with its charter. In the event that changes are found necessary the Board of Directors shall recommend them to the Government through the

Minister of Finance.

Article 8

The Agency, named "Saudi Arabian Monetary Agency", shall be a corporation with continuing succession. The Agency is authorized to take such action as may be necessary and appropriate to give effect to this Charter, including, but without thereby limiting its authority, the power to make contracts, to acquire and hold and pledge assets, and to incur such liabilities as are necessary and appropriate to the conduct of its operations.

Article 9

The Saudi Arabian Monetary Agency's Board of Directors shall consist of:

- a. A Chairman, who shall also be the Governor;
- b. Vice Governor;
- c. Three members, non-government officials who shall be conversant with financial and commercial affairs.

The Governor and members of the Board shall be appointed for five years by a Royal Decree, in accordance with the nomination of the Minister of Finance and the approval of the Council of Ministers. They shall not be removed from office except by a Royal Decree, which shall be issued the same way. The Board of Directors shall meet at the call of the Chairman, or Vice Chair-man in the absence of the former. Meetings shall be held, at least, once per month. In the event of the absence of the Governor, the Vice Governor shall preside over the Board.

The resolutions of the Board shall be passed by a minimum majority of three votes, and in the case of an equal division of votes, the Chairman shall have a casting vote.

Resolutions of the Board shall be transmitted to the Minister of Finance immediately after their adoption.

Article 10

The Governor shall be responsible for the efficient operation of the Agency and shall represent it before courts. The Vice Governor shall be appointed by a Royal Decree on the nomination of the Minister of Finance and the approval of the Council of Ministers. He shall act for the Governor in the absence of the latter, whose power shall then be vested in him. His removal from office shall be by a Royal Decree.

The remunerations of the Governor, Vice Governor and Members of the Board shall be fixed by a Resolution of the Council of Ministers in accordance with the recommendations of the Minister of Finance. The appointment of the remaining staff of the Agency, other than the Governor and the Vice Governor, their promotion and dismissal, shall be dealt with by the Governor under the provisions of a regulation approved by the Board of Directors and generally based on similar rules and regulations pertaining to Saudi and non-Saudi government employees. The Governor may also fix the salaries of these employees, their wages, the duration and terms of their services, their duties and responsibilities in conformity with the said regulation.

Article 11

The Agency shall render to the Government, through the Minister of Finance, a copy of the half-monthly and annual statements published in the official gazette as provided by Article II of Royal Decree No.24 dated 1st Rajab 1379, in regard to Saudi Arabian Currency Law.

Article 12

Any bank or exchange dealer who fails to furnish the Agency with the information specified in para (d) Article 3, or fails to keep with the Agency the deposit mentioned in para (e) of the same article in the ratio suggested by the Minister of Finance, shall sustain a maximum penalty of S. Rls. 10,000. In the event of repetition to such act, the Government, in addition to the above-mentioned penalty, shall temporarily halt the operations of the establishment, which committed the violation or close it down.

Article 13

This Charter shall replace the previous Charter of the Agency together with the entire amendments inserted therein and shall cancel each provision not conforming with its articles.

Article 14

The Prime Minister and the Minister of Finance shall put this Statute into effect.

ROYAL SIGNATURE