

## *First*

### *Summary*

*of the Rules of Law No. 30 of the year 2003 on adding a special section on Islamic banks to the Third Chapter of Law No. 32 of the year 1968 Concerning Currency, the Central Bank of Kuwait and the Organization of the Banking Business.*

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In the light of the special nature of the banks which operate in accordance with the principles of the Islamic Sharia in contrast to other banks, particularly in the areas of resources mobilization and uses, the Law No. 30 of the year 2003 was issued on adding a special section on Islamic banks (Section Ten) to the Third Chapter of law No. 32 of the year 1968. The mentioned Section Ten includes the rules regulating the business of Islamic banks and their supervision by the Central bank of Kuwait in the fields of special nature within the activities of the Islamic banks. On the other hand, the said law provides that the Islamic banks are subject to the rules of Law No. 32 of the year 1968 in all respects which are not specifically provided for in Section Ten, but to the extent that does not conflict with the rules of the Islamic Sharia.

The most important issues addressed in the rules of Section Ten are the following:

1. The general framework for the Islamic banking business (Article 86)
2. Allowing the Kuwaiti banks registered in the Banks Register to establish subsidiaries for practicing Islamic banking, subject to obtaining the approval of the Central Bank of Kuwait (article 87).
3. Procedures for establishing and registering Islamic banks and foreign Islamic banks branches (Articles 88-91)
4. The minimum paid-up capital for establishing an Islamic bank, and the capital required for a foreign Islamic bank branch (Article 92)

<sup>(\*)</sup> Law No.30 of the year 2003 was issued on 25/5/2003 and published in the Official Gazette on 1/6/2003 it will be in effect after 6 months from the date of its publish.

5. Sharia supervision in Islamic banks (Article 93).
6. Supervision Rules concerning Islamic Banks (articles 97 and 98).

Law No. 30 of the year 2003 also addressed the following issues:

1. Reconciliation of the status of the companies existing on the effective date of this law and which exercise banking business in accordance with the principles of the Islamic Sharia, and their registration in Islamic Banks Register (Article 3).
2. Allowing the banks existing on the effective date of the law to shift to Islamic banking (Article 4).