

## **FIRST**

**Summary of the Provisions of Chapter Three of the Law No. 32 of 1968  
concerning Currency, the Central Bank of Kuwait and the Organisation  
of Banking Business, and other Ministerial Resolutions  
and Related Provisions**

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\* The Kuwaiti Legislator has designated Chapter Three “**Organization of Banking Business**” of the aforesaid Law for banking supervision. This Chapter is divided into the following sections:

1. **Section 1** provides for the required rules and procedures for the establishment of banks (Articles 54-58).
2. **Section 2** addresses the registration of banks (Articles 59-61).
3. **Section 3** provides for deletion of banks from the register and liquidation thereof (Articles 62-65).
4. **Section 4** sets out the activities/businesses that are prohibited to banks (Articles 66-70).
5. **Section 5** includes certain provisions related to supervision. This section authorizes the Central Bank of Kuwait (CBK) to apply certain procedures to reinforce its supervision over banks, issue instructions as it deems necessary to realize its credit or monetary policy, or ensure the good running of banking business. In addition, CBK may lay down the rules and regulations to which all banks shall adhere in order to ensure their liquidity and solvency, and the other relative measures that CBK deems necessary to ensure the soundness of the banking business (Articles 71-75).
6. **Section 6** relates to the rules of supervision over specialized banks (Articles 76-77).
7. **Section 7** enumerates the procedures concerning inspection on banks and institutions subject to CBK supervision (Articles 78-80).
8. **Section 8** addresses the accounts and statements, both closing financial statements and periodic data, to be submitted by banks to the CBK (Articles 81-84).

**9. Section 9** addresses the penalties CBK may impose on banks violating the provisions of the Law or CBK instructions (Articles 85-85 bis).

**10. Section 10** includes instructions for Islamic banks (Articles 86-100).

\* Other ministerial resolutions and related provisions

1. Ministerial Resolution dated 19/3/1984, Subjecting Exchange Companies to CBK supervision.
2. Ministerial Resolution dated 8/1/1987, Organizing CBK Supervision over Investment Companies.
3. Decree Law No. 31 of 1990, Organizing Circulation of Securities and Establishment of Investment Funds, in addition to Ministerial Resolution No. 113/1992 and amendments thereof concerning issuing the Executive Bylaw of the aforesaid Decree Law.