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**Summary of the Provisions of the Law No. 30 of 2003
adding a Special Section on Islamic Banks to Chapter Three
of the Law No. 32 of 1968 concerning Currency,
the Central Bank of Kuwait and the Organisation of Banking Business**

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In light of the special nature of businesses of banks that operate in accordance with the rules and regulations of Islamic Shari'a, particularly in the areas of resources mobilization and uses, the Law No. 30 of 2003 was issued to add a special section for Islamic banks (Section Ten) to Chapter Three of the Law No. 32 of 1968. The mentioned Section provides for the rules regulating the business of Islamic banks, and the Central Bank of Kuwait (CBK) supervision over them including the areas of special nature within the Islamic banks' activities. Section Ten also underlines the fact that Islamic banks shall be subject to the provisions of Law No. 32 of 1968 without prejudice to the Islamic Shari'a principles, unless otherwise stipulated in this section.

Following are the most important issues addressed within the provisions of Section Ten:

1. The general framework of the Islamic banking business (Article 86).
2. Permitting Kuwaiti banks registered in the Bank Register to establish subsidiary companies to conduct Islamic banking subject to CBK approval (Article 87).
3. Procedures for establishing and registering Islamic banks and branches of foreign Islamic banks (Articles 88-91).
4. The minimum paid-up capital for establishing an Islamic bank, and the amount of funds allocated for a branch of a foreign Islamic bank (Article 92).
5. Shari'a Supervisory Board in Islamic banks (Article 93).
6. Rules concerning supervision over Islamic banks (articles 97 and 98).

* The Law No.30 of 2003 was issued on 25/5/2003 and published in the Official Gazette on 1/6/2003 and shall be come into effect after six months of the date of its publication.

In addition, the Law No. 30 of 2003 includes provisions related to the following:

1. Regularization of the conditions of the companies, which are existing on the effective date of this Law and conducting banking business in accordance with the rules and regulations of the Islamic Shari'a, and their registration in the Register of Islamic Banks (Article 3).
2. Permitting the banks existing on the effective date of the Law to convert into the Islamic banking business (Article 4).