

BANK DEPOSITS INSURANCE SCHEME

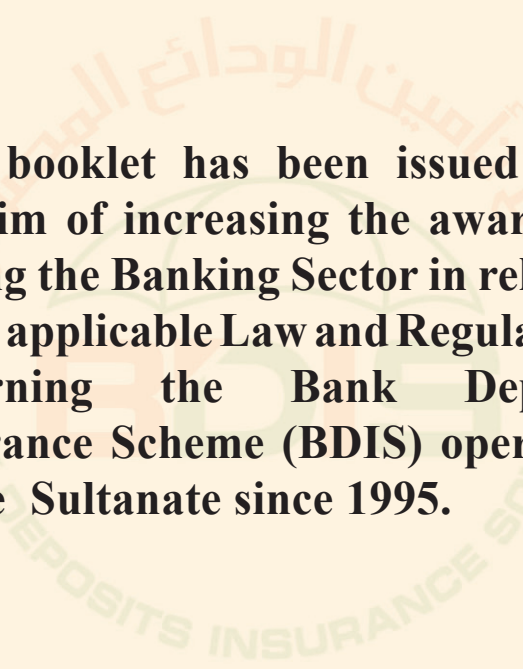


Administered by Central Bank of Oman

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HIS MAJESTY SULTAN QABOOS BIN SAID



This booklet has been issued with the aim of increasing the awareness among the Banking Sector in relation to the applicable Law and Regulations governing the Bank Deposits Insurance Scheme (BDIS) operating in the Sultanate since 1995.

FOREWORD

It gives me great pleasure to present this Information Booklet on the Bank Deposits Insurance Scheme applicable in the Sultanate of Oman.

Central Banks, the world over, have long focused on enhancing financial stability and promoting public confidence in the financial sector, even more so in the aftermath of the recent financial crisis of 2008.

Deposit Insurance coverage is one step in boosting public confidence in the Banking System. To leverage these efforts further, the Sultanate has introduced the Bank Deposits Insurance Scheme as early as 1995 vide Royal Decree No. 9/95.

The primary objective of the Scheme is to provide insurance cover for specific deposits, enhance financial stability, increase public confidence and encourage more savings.

Lack of trust in banks has never been an issue in the Sultanate. Well-meant prudential approach has guarded the country's financial system against financial crises that took place elsewhere. The Central Bank of Oman has been reviewing the Scheme periodically in order to improve upon it and attain greater benefits from it.

As part of the implementation of recommendations by experts in this field, especially regarding the adoption of the best international practices, the Central Bank of Oman has decided to spread greater awareness of the Deposit Insurance Scheme. The first strategic step in this connection has been the decision to issue this Information Booklet to the banking community. To achieve the ultimate goal of all-round understanding and awareness of the Scheme, gradual, but larger reach to the public is necessary for having greater confidence and more savings among the public.

The Central Bank of Oman takes this opportunity to thank all member banks in the Sultanate for their unstinted cooperation in the successful implementation of the Scheme and looks forward to have more commitment and support from them.

My appreciation also goes to the Scheme's committee members and all CBO concerned staff who contributed in bringing this important booklet to reality.

Hamood Sangour Al Zadjali
The Executive President
Central Bank of Oman

PREFACE

The Sultanate of Oman is one of the first countries in the Middle East which introduced a Bank Deposits Insurance Scheme quite early. The Scheme is now 17 years old.

Worldwide, more attention is now accorded to deposits insurance schemes in light of the recent financial crisis that engulfed the world. Increased confidence has become ever more crucial in the banking sector. Such Schemes designed explicitly or implicitly, have become imperative today.

The Bank Deposits Insurance Scheme issued by Royal Decree No. 9/95 is an explicit insurance scheme components of which including the coverage limit, have been reviewed and found to be compatible with international standards. The Scheme seeks to offer reasonable protection to depositors. It also encourages them to monitor the performance of the banking sector. It enforces and motivates market discipline diligently through the expectations of appropriate prudence on the part of member banks.

The Bank Deposits Insurance Scheme covers all licensed local and foreign banks operating in the Sultanate.

In order to disseminate information on the Scheme, we have developed an effective communication strategy. The first phase of this strategy is to create awareness among the banking community. With well informed banks, we will then endeavor to inform depositors and the general public at large about the merits and benefits of the Scheme. The exchange of information and cooperation of all concerned is needed to improve the performance of the Scheme in order to achieve its objectives, enhance financial stability and protect depositors.

This Information Booklet attempts to provide a comprehensive presentation by covering the background, details and benefits of the Scheme. It includes the pertinent administrative details, as well as the applicable Law and Regulation.

It is my hope, as Chairman of Bank Deposits Insurance Scheme Committee, that all of us as leading and key constituents in the financial sector, shall strive hard in carrying this awareness campaign progressively to ensure the efficiency and robustness of the Scheme in the future.

Hilal Ali AlBarwani
Chairman
Bank Deposits Insurance Scheme Committee



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THE DEPOSIT INSURANCE SCHEME IN OMAN

1. Introduction

A sound, competitive banking system is important to a nation's economic vitality. **Deposit Insurance** is a key element in maintaining confidence in the banking system and promoting financial stability. It is a system established to **reimburse** depositors either **fully or partially** their **deposits** with a member bank in the event of the **member bank's failure**.

2. Benefits of Deposit Insurance

- An integral part of the financial safety net.
- Provided automatically at no extra charge to depositors.
- Contributes to the stability of the banking system by reimbursing depositors without delay, in the event of a bank's failure.
- Reduces risk of bank runs and spread of contagion in the event of a bank's failure.
- Ensures a level playing field for banks of varying sizes to compete with different types of deposit products, thereby increasing public confidence particularly on smaller banks.
- Shifts the burden of reimbursement from the government to an independent system, which is based on **ex-ante funding** (i.e. the funds are collected in advance from the members).

3. Bank Deposit Insurance Scheme (BDIS)

BDIS is an "**explicit insurance**", which is a rule based scheme where the Government allows the private/banking sector to take most of the responsibility through an **independent deposit insurance system**. It was setup vide **Royal Decree # 09/95 issued on 26th March 1995**, with the primary objective of providing comprehensive insurance cover on specified deposits with the banks operating in the Sultanate, in order to encourage savings and promote financial stability. Further amendments to BDIS Law were made vide **Royal Decree # 111/2000 issued on 15/11/2000 & # 70/2010 issued on 26/05/2010**.

4. Objectives of BDIS

- To provide comprehensive insurance coverage on specified deposits with banks operating in the Sultanate to encourage public savings.
- To boost and enhance the confidence of the public in the financial soundness of the banking system in the Sultanate of Oman.
- To minimize the impact of traditional risks in operations of the banking sector.

5. Member Banks

1	Bank Muscat	10	Standard Chartered Bank
2	Oman Arab Bank	11	State Bank of India
3	Ahli Bank	12	Bank Melli Iran
4	National Bank of Oman	13	Bank Saderat Iran
5	HSBC Bank Oman	14	Habib Bank Limited
6	Bank Sohar	15	National Bank of Abu Dhabi
7	Bank Dhofar	16	Bank of Beirut
8	Qatar National Bank	17	Oman Development Bank
9	Bank of Baroda		

Initial contributions of OMR 5 Million each from the Central Bank of Oman (CBO) and the member banks collectively provided the base capital for BDIS at the inception.

Premiums are collected on an **ex-ante basis** from member banks and CBO. An annual premium of 0.05% of the total value of deposits at the end of each financial year (31/12) is collected from all member banks.

CBO contributes half of the total premiums paid by member banks each year in accordance with Regulation BM/REG/39/5/95. *[Initially premium rate was 0.02% from 1995 – 2000 and 0.03% from 2001 – 2011. New premium rate of 0.05% is effective from 01.01.2012].*

6. Deposits Covered

- Current compensation amount is a **maximum of OMR 20,000/-**.
- Deposits of OMR 20,000/- and below will be **compensated in full**.
- **Eligible Deposits :**
 1. Savings Deposits
 2. Current Accounts
 3. Call Deposits
 4. Time Deposits
 5. Government Deposits
 6. Trusts / Pension / Other Funds' Deposits of a Similar Nature
 7. Other Deposits similar to the above that may be Specified by CBO
- **Ineligible Deposits :**
 1. Inter-bank Deposits
 2. Items Under Reconciliation
 3. Deposits of Board Members, Senior Executives, Investment & Credit Managers in the Member Banks and their Family Members
 4. Deposits of External Auditors, Internal Audit Managers in the Member Banks and their Family Members
 5. Deposits of Parent, Subsidiary, Associates and Affiliate Companies or those Companies which are linked to or participate in Member Banks
 6. Deposits of Persons whose identity cannot be ascertained
 7. Deposits which CBO considers as illegally obtained/relate to Illicit/Illegal Matters

7. BDIS Administrative Committee

The BDIS fund is operated by and subject to the supervision of CBO both financially and administratively. The Board of Governors set out the general policy on administration of the fund including investing the fund's resources and empowering the Executive President to appoint an Administrative Committee. The Committee consists of five members, of whom three members are employees of CBO with a rank not lower than Departmental Manager and the senior-most among them being appointed as the Chairperson. Other two are from officials of member banks.

The meetings of the Committee are convened by its Chairperson as and when necessary but at least twice during a year. The Chairperson of the Committee is authorized, if necessary, to invite the General Manager of any Member Bank to participate in the meetings. Such invitees do not have voting powers. The recommendations of the Committee are finalized by majority vote. The proceedings of the meetings are recorded under the signature of the Chairperson of the Committee.

The Committee undertakes the investment of the fund's resources pursuant to the BDIS Laws and Regulations. In the case of liquidation or suspension of the operation of any member bank, the amounts payable to depositors are paid from the fund. The net amount due to any depositor by a member bank is a maximum of OMR 20,000/-.

The Terms of Reference in the form of responsibilities of the Committee mainly include the following:

1. Examining the references pertaining to the computation of "Net Deposit" eligible for insurance cover vide Articles 12, 13 and 14 of the Law, and making recommendations to the Board.
2. Making recommendations to the Board in regard to the ceiling on deposit insurance cover stipulated under Article 12 of the Law, the rate of insurance premium under Article 7 of the Law and any other matter referred by the Board.
3. Ensuring that annual premiums from member banks and CBO are collected on time and in accordance with the Law.
4. Approving the formats of the Books of Account required to be maintained under Article 17 of the Law.
5. Preparing a Manual of Operations including Expenditure for the Scheme and escalate it for the Board approval pursuant to Article 11 of the Law.
6. Investing the resources of the fund in accordance with the investment guidelines drawn and directions issued by the Board under Article 10 of the Law.

7. Periodic review of the scheme's financial statements & Investment performance, as well as submission of annual performance report to the Board in compliance with the Law.
8. Preparation of studies in relation to developing the scheme, and making the required recommendations to the Board.
9. Ensuring that annual audited financial statements are sent to the Board, Higher Management and all member banks.

The resources of the Fund may be invested in the following securities:

- a) Development Bonds and/or any other instruments issued and fully guaranteed by the Government provided that such investments shall not exceed 50% of the resources of the fund.
- b) Shares and securities quoted on the Muscat Securities Market constituting safe investment in the opinion of the Board of Governors shall not exceed 1/3rd of the resources of the fund.

The Total Investment in the above items (a) and (b) shall not exceed at any time 70% of the resources of the fund.

- c) Securities issued by the foreign governments and/or the foreign central banks shall not exceed 1/3rd of the resources of the fund.
- d) Shares and securities issued by the International Financial Institutions carrying excellent financial reputation shall not exceed 1/3rd of the resources of the fund.
- e) Deposits with banks.
- f) The Administrative Committee shall compile a list of eligible shares and securities for approval by the Board of Governors.

On the recommendations of the Administrative Committee the Board shall revise the ceilings as set out above.

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**THE LAW REGULATING THE BANK DEPOSITS INSURANCE SCHEME ISSUED
BY ROYAL DECREE 09/95 DATED 26th MARCH 1995.**

Chapter One

Definitions and Objectives

¹ Article 1

In implementation of the provisions of this Law, the following words and terms shall have the corresponding meaning unless otherwise specified or the context otherwise requires:

"Board of Governors"

The Board of Governors of the Central Bank of Oman.

"Central Bank"

The Central Bank of Oman.

"The Fund"

The Bank Deposits Insurance Scheme Fund established in accordance with this Law.

"Administrative Committee"

The Committee formed by the Board of Governors to manage the Fund

"Depositor"

Any natural or juristic person who makes a deposit and benefits from this scheme pursuant to the provisions of chapter 5.

"Deposit Account"

The account entitled to coverage in accordance with Article 14(a).

"Family Members"

Family members within the first degree of the concerned person.

"Member Bank"

A bank licensed by the Central Bank to receive bank deposits.

"Membership Contributions"

The contributions of the member banks in accordance with Article 5.

¹ Amended vide Royal Decree NO. 70/2010.

"Net Deposit"

The amount of deposit of the depositor/s regarding each deposit account calculated pursuant to Article 13.

"Total Deposits"

The total amount of all eligible deposits pursuant to the categories specified in Article 14(a), maintained by the member bank.

² Article 2

The objectives of the Bank Deposits Insurance Scheme are as follows: -

- a. To provide comprehensive insurance coverage on all deposits with banks operating in the Sultanate to encourage savings.
- b. To boost and enhance the confidence of the public in the financial soundness of the banking system in the Sultanate.
- c. To minimize the impact of traditional risks in the operations of the banking system.

Chapter Two

Establishment and Management of the Fund

Article 3

The Bank Deposits Insurance Scheme shall be subject to the supervision of the Central Bank, financially and administratively.

The Central Bank shall establish a fund and manage it through the Administrative Committee.

All monies belonging to Bank Deposits Insurance Scheme shall be deposited in the fund.

2 Amended vide Royal Decree No. 70/2010.

Article 4

All banks licensed by the Central Bank to receive deposits must be registered as members of the Bank Deposits Insurance Scheme and shall be subject to the provisions of this Law.

Chapter Three

Contributions

³ Article 5

- a. The amount of the Initial Contributions shall be RO 10 million of which the Central Bank shall pay at least RO 5 million within sixty (60) days from the effective date of this Law. The member banks shall pay the balance in two installments pursuant to the decision of the Board of Governors, provided that the first installment shall be paid within thirty (30) days from the effective date of the Executive Regulation of this law and the second installment shall be paid one year after that date.
- b. The Board of Governors shall specify the Membership Contributions to be paid by any licensed bank becoming a member after the effective date of this Law.

⁴ Article 6

The Board of Governors may require member banks to pay additional contributions as specified by the Board.

3 Amended vide Royal Decree No. 70/2010.

4 Amended vide Royal Decree No. 70/2010.

⁵ Article 7

The member banks shall pay an annual insurance premium ranging between 0.01% to 0.05% of the total value of deposits in accordance with the Regulations or Decisions issued by the Board of Governors. The Board may vary the insurance premium from one bank to another.

Latest by the end of March of each year, the Central Bank shall pay an insurance premium equivalent to 50% of the total annual premiums paid by the member banks.

Article 8

In the event of freezing, suspension or liquidation of any member bank, the premium payable from that bank shall be calculated pro-rata against the part of the year with effect from 1st of January until the date of suspension of business, liquidation or freezing. Such premium shall be promptly paid as an outstanding debt.

⁶ Article 9

The Central Bank may charge interest in case of delay in payment of the premium or the Membership Contributions equivalent to the maximum interest rate on deposits or the rate specified by the Central Bank. In case the member bank fails to pay the premium or the interest due on time, despite the fact that it had been notified, the outstanding amounts in question may be deducted from the clearing account of that bank with the Central Bank.

5 Amended vide Royal Decree No. 111/2000.

6 Amended vide Royal Decree No. 70/2010.

Chapter Four

Fund Resources Investments and Applications

Article 10

The Board of Governors shall set out the general policy and instructions required to invest the Fund's resources in various fields, after taking into consideration the balance between the liquidity required, the need to increase the revenue and investment of the funds with minimum risks. The Administrative Committee shall undertake the investment of the fund's resources pursuant to such policy and instructions.

⁷ Article 11

- a. In case of liquidation or suspension of the operations of any member bank, or upon the commencement of proceedings for legal administration pursuant to a decision made by the Board of Governors, the amounts payable to the depositors shall be paid from the fund in accordance with the provisions of Chapter 5 of this Law.
- b. Expenses related to the management of the Bank Deposits Insurance Scheme shall be deducted from the fund.

Chapter Five

Deposit Coverage

⁸ Article 12

In implementing the provisions of Articles 13, 14 and 15 of this Law, the net amount payable to any depositor shall not exceed RO 20,000/- (Twenty Thousand) of the net deposit in a bank. The Board of Governors may, however, amend such ceiling if required.

7 Amended vide Royal Decree No. 70/2010.

8 Amended vide Royal Decree No. 70/2010.

Article 13

In calculating the net deposit amount for any deposit account, all liabilities of the depositor shall be deducted from his account with the member bank, and subject to the following conditions: -

- a. In case of time deposits or rights or liabilities falling due in the future, such deposits or rights or liabilities shall be treated as if they actually exist and as if the deposit is payable on demand or the liabilities become payable on the date specified in accordance with Article 15 (a) of this Law.
- b. The net deposit relating to Trust Funds, Pension Funds or any other similar funds shall be specified in the light of the actual nature of such deposits and the circumstances related to each case individually.
- c. In case the depositor is not satisfied with the amount paid to him, he may submit a complaint to the Central Bank within 7 days from the date on which he received the amount allotted to him or from the date on which he was notified that he is not entitled to any amounts. Such complaint must be heard as soon as possible and within a duration not exceeding one month from the date of submission. The decision made by the Central Bank regarding the depositor's entitlement shall be final and binding.

Article 14

- a. The coverage of the deposit shall be calculated in accordance with Articles 12 and 13 above, and shall be applied on the following deposits which are payable in the Sultanate only: -
 1. Savings Deposits
 2. Current Accounts
 3. Call Deposits
 4. Time Deposits
 5. Government Deposits
 6. Deposits related to Trust Funds, Pension Funds or any other deposits of a similar nature.
 7. Any other deposits of a nature similar to the above as specified by the Central Bank.

The deposits reserved as a pledge and offered as a security for the debts and advances from member banks shall be used to discharge such liabilities. The surplus, if any, shall then be considered as qualified for coverage pursuant to this Law.

b. Deposits not eligible for coverage:

1. Interbank deposits
2. Items under reconciliation
3. Deposits of the members of Boards and senior executives, investment and credit managers in the member banks and their family members.
4. Deposits of external auditors, internal audit managers in the Member Banks and their family members.
5. Deposits of parent, subsidiary, associates and affiliated companies or those companies which are linked to or participate in member banks.
6. Deposits of persons whose identity cannot be ascertained.
7. Deposits which the Central Bank considers as illegally obtained or relate to illicit or illegal matters.

9 Article 15

- a. Compensation shall be paid to the depositor in any member bank pursuant to this Law in any of the events specified in Article 11 (a). The Central Bank shall specify the date on which such event occurred provided that such date shall be relied upon for all purposes of implementation, including the date on which the net value shall be calculated in accordance with Article 12.
- b. Any member bank affected by any of the circumstances specified in Article 11(a), must take urgent steps to calculate the amount payable to each depositor and submit a list of such amounts to the Central Bank as required.
- c. The Board of Governors shall specify the manner and date of payment to the depositor. Payment shall be made as soon as possible.

9 Amended vide Royal Decree No. 70/2010.

- d. In case any depositor is entitled to any deposits in foreign currency, payment shall be made in Omani Rials on the basis of the net deposits payable in foreign currency converted at the middle exchange rate prevailing on the date specified pursuant to the provisions of this Article.
- e. The depositor shall receive the net amount due to him in accordance with this Law after signing an acknowledgment assigning the amounts he is entitled to from the member bank to the Fund within the limits of the amounts he obtained from the Fund.
- f. In case of a joint account of two or more persons, compensation amount shall be distributed according to their shares in the account. If the shares in their account have not been specified, shares shall be considered equal provided the total amount to be received by one person shall not exceed the maximum compensation if he has another account(s) with the same bank.

Chapter Six

Priorities of payment of claims against the assets of the Member Bank on Liquidation

Article 16

Priorities of payment of claims against assets of member banks, on liquidation, shall be as follows:

- a. Unpaid monthly salary within the limit of three months, plus the employees' claims related to other unpaid entitlements.
- b. The following claims by the fund, as a guarantor to the deposits:
 - 1. The net amount paid to depositors in accordance with this Law;
 - 2. Premiums payable to the fund;
 - 3. Loans and advances;
 - 4. Any other dues to the fund pursuant to this Law.
- c. Claims of the Central Bank other than those enumerated above.

- d. Claims of other creditors of the member bank including the depositors' rights which are not covered pursuant to this Law.

Chapter Seven

General Provisions

Article 17

The accounts of the Bank Deposits Insurance Scheme shall be maintained in separate books. Such accounts shall at all times be independent from the accounts of the Central Bank.

Article 18

Each member bank shall maintain all its records and books to ensure the correctness of the total deposits and the premium payable to the fund for a period of 5 years from the date of submission of audited statements to the Central Bank. In the event of a dispute on the premium, the member bank must maintain the relevant records and books until the dispute is settled.

Article 19

Each member bank shall, prior to 31st of March of each year, submit detailed annual financial statements of the total monthly deposits for the financial year subject to auditing. * These statements must be certified by the external auditors of the member banks. The paid premium account should be considered in accordance with the Regulations and Resolutions of the Board of Governors.

*** The reporting format was amended vide Circular BDIS/MB/2011/001 dated 03/01/2011. (New Part A and existing Part B attached.)**

Article 20

The Board of Governors shall appoint a qualified firm to audit the accounts related to the fund. The firm shall submit its report to the Board of Governors prior to 31st March of each year. The Board of Governors shall subsequently refer the said report to the Administrative Committee for comments, if any.

Article 21

The Administrative Committee shall submit to the Board of Governors an annual report on the performance of the fund, including its recommendations for amendments to this Law, or the regulations or decisions issued in implementation thereof, prior to 30th June of each year.

Article 22

All information related to the activities of the fund is confidential. The employees of the Central Bank and other previous or present employees, advisers and experts who are appointed to work with the fund may not disclose any information they obtained during the performance of their duties with the fund, the member banks or the Central Bank unless such disclosure is necessary to carry out their duties in accordance with the instructions of the Administrative Committee, or for the purpose of providing clarification in any legal proceedings, upon the instructions of a court or pursuant to the requirements of the provisions of the laws applicable in the Sultanate.

Whoever contravenes this shall be punishable in accordance with Article 164 of the Oman Penal Law and any other laws issued in this connection.

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Part –A

Statement of Net Amounts Payable (Notionally) to Depositors under BDIS

Name of Bank:

Statement as at 31 December 2____

(Amounts in OMR)

#	Category of deposit account (e.g.: savings, current, etc.) Article 14 A of BDIS Law	No of accounts and balance outstanding at 31 / 12 / 2____ inclusive of interest accrued:		No of accounts and balance outstanding after adjustments in terms of Article 13 of the BDIS Law:		No of accounts and deposit insurance obligation of RO. 20,000/-:		Accounts with deposit insurance obligation of less than RO. 20,000/-:		Total deposit insurance obligation	
		No of accounts	Balance	No of accounts	Balance	No of accounts	Balance	No of accounts	Balance	Column 7 + 9	Column 8 + 10
1	2	3	4	5	6	7	8	9	10	11	12
a											
b											
c											
d											
Total:											

i) Total amount of insured Deposits vide Article 14 (a)

a. Total amount of insurance obligation against insured Deposits (column 12) xxx,xxx,xxx

b. Total amount of Insured Deposits with no insurance obligation (column 6 -12) xxx,xxx,xxx

x,xxx,xxx,xxx

ii) Total amount of Uninsured Deposits vide Article 14 (b)

iii) Total amount of adjustments in respect of Article 13

iv) Less : Interest accrued included in deposits

v) Total Deposits (of Oman branches)

vi) Total Deposits of Overseas branches

vii) Total Deposits* (of the bank)

xx,xxx,xxx

xx,xxx,xxx

(x,xxx,xxx)

x,xxx,xxx,xxx

x,xxx,xxx

x,xxx,xxx,xxx

*The figure should tally with the figure of Total Deposits as appearing in the annual published financial statements.

Notes:

1. For filing up column 8, all deposit accounts under each category (i.e. savings, current, etc.) with outstanding balances of RO. 20,000/- and above after making adjustments in terms of Article 13 of the BDIS Law, will be multiplied by RO. 20,000/- to arrive at the deposit insurance obligation . (Number of accounts x RO. 20,000 = Deposit Insurance Obligation)

2. For filing up column 10, all deposit accounts under each category (i.e. savings, current, etc) with outstanding balances of less than RO. 20,000/- after making adjustments in terms of article 13 of the BDIS Law, will have to be aggregated and 100% recorded against the respective category deposit with total number of accounts in the category. (Aggregate balance = Deposit Insure obligation)

Prepared by _____ Checked by _____ Authorized official's signature and stamp

Audited by: Signature of the authorized representative of the Audit firm and its stamp.

Part - B

Statement of Month End Insured Deposits

Year :

In OMR

End of the Month of:	Balance Outstanding
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	
Total :	
Average Monthly Balance	
Premium Payable	

Name, Title and Signature of the authorized official of the Bank.

Name, Title and Signature of the authorized representative of the Auditing Firm and its Stamp.

REGULATION No. BM/39/5/95 ON IMPLEMENTATION OF THE LAW
REGULATING THE BANK DEPOSITS INSURANCE SCHEME

Pursuant to the provisions of the Royal Decree No. 9/95 issuing the Law regulating the Bank Deposits Insurance Scheme, the Board of Governors of the Central Bank of Oman issued the following Regulation:

Article 1:

The following words will have the meaning as defined below:

The Law	the Law Regulating the Bank Deposits Insurance Scheme
Board	Board of Governors of the Central Bank of Oman
The Executive President	the Executive President of the Central Bank of Oman
The Scheme	the Bank Deposits Insurance Scheme
Central Bank	Central Bank of Oman
Fund	Bank Deposits Insurance Scheme Fund

Article 2:

The Executive President is empowered to constitute an Administrative Committee consisting of five members of which three members shall be the employees of the Central Bank who shall be of the rank of not lower than the Departmental Managers and the senior most among them shall be the Chairman. The other two shall be from among the officials of the member banks.

Article 3:

The meetings of the Administrative Committee shall be convened by its Chairman as and when necessary but at least twice in a year.

The Chairman of the Committee is authorized, if necessary, to invite General Manager of any member bank to participate in the meetings. Such invitees shall not have voting powers. The recommendations of the Committee shall be finalized by majority vote.

¹⁰ Article 4:

The responsibilities of the Administrative Committee are as follows:

- 1) To examine the references pertaining to the computation of "Net Deposit" eligible for insurance cover vide Articles 12, 13 and 14 of the Law, and make recommendations to the Board.
- 2) To make recommendations to the Board in regard to the ceiling on deposit insurance cover stipulated under Article 12 of the Law, the rate of insurance premium under Article 7 thereof and any other matter referred by the Board for the Committee's recommendations.
- 3) To approve the formats of the Books of Account required to be maintained under the Article 17 of the Law. The Administrative Committee may engage a qualified firm of Chartered Accountants to prepare a set of specimen of Books of Account.
- 4) To prepare a Manual of Operations including Expenditure for the Scheme and place it before the Board for approval pursuant to Article 11 of the Law.
- 5) To invest the resources of the fund in accordance with the general policy drawn and directions issued by the Board under Article 10 of the Law.

¹¹ Article 5:

- a) Member Banks shall pay to the scheme account with the Central Bank the amount of contribution* pursuant to Article 5(a) of the Law, in two installments as per the decision of the Board provided that the first installment shall be paid within 30 days from the effective date of this Regulation.

10 Amended vide Resolution No. BOG/2315/152/12/10/4.

11 Amended vide Resolution No. BOG/2315/152/12/10/4.

b) The stipulated sum of the contribution shall be computed as follows:

$$1) \quad \frac{\text{Total deposits of any single member bank as at the end of the calendar Month preceding the enforcement of the Law}}{\text{Total deposits of the Banking system as at the end of the calendar month preceding the enforcement of the Law}} \times 100 = \dots\dots\dots\%$$

$$2) \quad \frac{\dots\% \text{ as above} \times \text{RO. 5 Million}}{100} = \text{Stipulated sum of contribution of the member bank}$$

c) The stipulated sum of contribution payable by a new member bank will be 0.05% of paid up capital in the case of a licensed local bank and of assigned capital in the case of licensed foreign bank.

¹² Article 6

- a) The initial amount of premium is fixed at the rate of 0.02% per annum on the average of monthly Total Deposits maintained during the period succeeding the date of the enforcement of the Law until the end of 1995.
- b). The amount of annual premium is fixed at the rate of 0.05% on the average annual Total Deposits.
- c) Each member bank's account with the Central Bank shall be debited with the amount of annual premium before April 15 every year.

Each member bank shall furnish the statement referred to in Article 19 of the Law, within 60 days from the date of enforcement of this Regulation. Thereafter, within 15 days each member bank's account with the Central Bank shall be debited with the amount of initial premium.

Article 7

The resources of the Fund may be invested in the following securities:

- a) Development Bonds and/or any other instruments issued and fully guaranteed by the Government provided that such investments shall not exceed 50% of the resources of the fund.
- b) Shares and securities quoted on the Muscat Securities Market constituting safe investment in the opinion of the Board of Governors shall not exceed 1/3rd of the resources of the Fund. The Total Investment in the above items (a) and (b) shall not exceed at any time 70% of the resources of the Fund.
- c) Securities issued by the foreign governments and/or the foreign central banks shall not exceed 1/3rd of the resources of the fund.
- d) Shares and securities issued by the International Financial Institutions carrying excellent financial reputation shall not exceed 1/3rd of the resources of the Fund.
- e) Deposits with banks.
- f) The Administrative Committee shall compile a list of eligible shares and securities for approval by the Board of Governors.

On the recommendations of the Administrative Committee the Board shall revise the ceilings as set out above.

¹³ Article 8

For implementation of the provisions of Article 15(a) of the Law, the following steps shall be taken.

13 Amended vide Resolution No. BOG/2315/152/12/10/4.

- a) In the event of the Board of Governors suspending banking operations of any member bank the mechanism for the reimbursement of depositors' claims shall be determined in accordance with the scheme as in force at the time of suspension.
- b) If the Central Bank apprehends that the affected member bank is unable to prepare the statement of eligible payments within one week from the date of suspension of the banking business, it is empowered to depute a team of its officers or appoint a reputed firm of Chartered Accountants or designate any other member bank to do the needful.
- c) Each depositor shall be notified of his net dues.
- d) After satisfying itself about the genuineness of the eligible payments under the Scheme, the Central Bank shall direct the affected member bank and / or any other member bank to effect eligible payments to the depositors in compliance with Article 15(a) of the Law and render to the Central Bank detailed accounts of the disbursement soon thereafter.

Article 9

This Regulation shall be published in the Official Gazette and shall be enforced from the date of the day following its publication.

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