البنك المركزي السعودي
SAMA
Saudi Central Bank

Saudi Central Bank Law

Royal Decree No. M/36

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NOTE:

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.

Saudi Central Bank Law

Chapter 1: Definitions and General Provisions

Article 1

In this Law, the following terms and phrases shall have the meanings assigned thereto:

Bank: The Saudi Central Bank.

Law: The Saudi Central Bank Law.

Board: The board of directors of the Bank.

Governor: The governor of the Bank.

Financial Institution: Any natural or legal person subject to the supervision, oversight, and regulation of the Bank.

Article 2

The Bank is a financially and administratively independent legal person which reports to the King. Its headquarters shall be in the city of Riyadh, and it may establish branches or cash centers within the Kingdom and open offices or appoint agents and correspondents abroad.

Article 3

The objectives of the Bank are as follows:

1- Maintaining monetary stability.
2- Supporting the stability of the financial sector and promoting trust therein.
3- Supporting economic growth.

Article 4

The Bank shall carry out its duties in accordance with the provisions of this Law, the regulations and policies issued by the Board, and best international standards and practices. To achieve its objectives, the Bank shall have all the necessary powers and carry out the following duties, powers, and competences:

1- Issuing and regulating currency, including minting, printing, issuing, circulating, withdrawing, canceling, managing, and protecting the national currency, and other related activities, without prejudice to the provisions of the Saudi Arabian Monetary Law.

2- Overseeing and supervising financial institutions in accordance with relevant laws.
3- Issuing regulations and directives related to financial institutions and their operations.
4- Formulating and conducting a monetary policy, and regulating the foreign currency exchange market.
5- Managing and investing foreign currency reserves.
6- Acting as the government's bank and adviser on monetary, banking, and financial affairs.
7- Establishing, developing, and operating infrastructures of national payment, settlement, and clearing systems; issuing rules, directives, and licenses; and overseeing and supervising payment, settlement, and clearing systems within its jurisdiction.
8- Establishing, developing, and operating financial technology platforms; issuing relevant rules, instructions and licenses; and overseeing and supervising such platforms.
9- Issuing directives and developing procedures to protect consumers of financial institutions.
10- Formulating and managing prudential policies and taking necessary actions and measures for financial institutions, as well as taking necessary measures and procedures to contribute in addressing economic and financial upheavals and crises, whether locally, regionally, or globally.
11- Taking appropriate procedures and measures to prevent the commission of crimes associated with financial institutions.
12- Representing and participating in regional and international organizations, authorities, forums, and conferences in which the Bank engages as a member, in accordance with legal procedures.
13- Cooperating and exchanging expertise with other central banks and counterparts, regional and international organizations, and specialized consulting firms inside the Kingdom and abroad, within its jurisdiction.
14- Developing and setting professional tests and requirements related to financial institutions and their operations.
15- Conducting research and studies and publishing statistics related to its jurisdiction.
16- Establishing subsidiary companies, contributing to the incorporation of companies, and partnering with companies that carry out activities related to the nature of its business, in accordance with legal procedures.
17- Proposing draft laws related to financial institutions and the financial sector, proposing amendments to existing laws, and submitting the same for completion of legal procedures; drafting and proposing draft laws or amendments to existing laws that may impact monetary conditions or the stability of the financial sector shall be made in coordination with the Bank.
18- Defining the terms and interpreting the provisions of this Law.

Article 5

The Bank may charge fees for the licenses and approvals it issues, services it provides, and transactions it carries out, as well as fees to cover the cost of supervising financial institutions, in accordance with guidelines approved by the Board.

Article 6

The Bank may not:

1- engage in commerce, participate in commercial businesses, or hold an interest in any commercial, industrial, or agricultural project, unless necessary to achieve its objectives;
2- purchase or own real property, unless necessary for its operations or the diversification of its foreign investments;
3- finance and extend loans to the government; and
4- finance or extend loans to any natural or legal person; for the purpose of managing liquidity or dealing with crises, financial institutions shall be excluded from this provision pursuant to a decision by the Governor, in accordance with guidelines set by the Board.

Article 7

The Bank's assets, revenues, and properties shall have immunity; they may not be searched, blocked, seized, confiscated, or expropriated, and shall not be subject to any bankruptcy procedures.

Chapter 2: Management

Board of Directors

Article 8

1- The Bank shall have a board of directors composed of the following:
   a) The Governor, Chairman.
   b) Two Vice Governors, Members.
   c) Five non-government employees, members.
   1 bis - If the Governor is unable to chair a Board meeting, he shall assign one of the Vice Governors to chair the meeting.
2- Nomination of Board members referred to in paragraph 1(c) of this Article shall be made jointly by the Governor and the Minister of Finance; their appointment shall be pursuant to a royal order, and their membership shall be for a renewable term of seven years. If a member's term expires without his membership being renewed or a replacement being appointed, he shall continue to serve as a Board member.
3- The remuneration and benefits of Board members shall be determined pursuant to a royal order upon the recommendation of the Minister of Finance in coordination with the Governor.

Article 9

Any of the Board members referred to in Article 8(1)(c) of this Law shall satisfy the following conditions:

1- Be a Saudi citizen.
2- Be a qualified and an expert in matters related to the Bank's activities.
3- Have no criminal record related to crimes impinging on honor or integrity, unless such record has been expunged.
4- Have never been declared bankrupt or insolvent, nor intentionally defaulted on paying his debts.
5- Not hold any position or job with a public entity or a financial institution, nor serve as an auditor thereof.
6- Not be an owner or agent of an external auditor's office.

Article 10

1- The Board shall supervise the Bank's activities and shall be generally responsible for ensuring the soundness of its management and functioning, and shall, to this end and in accordance with the Bank's objectives, have all the necessary powers. The Board may set the rules, regulations, and policies and issue the directives it deems necessary and appropriate for carrying out Bank activities in accordance with this Law; they shall include, but not be limited to, the following:

   a) Endorsing the Bank's strategies and operational plans.
   b) Approving the Bank's by-laws, as well as its administrative, financial, technical, monitoring, and human resources regulations.
   c) Approving the Bank's organizational structure.
   d) Determining the Bank's fiscal year.
   e) Endorsing the Bank's general budget and closing accounts.
   f) Endorsing the appointment of one or more of the Bank's external auditors and determining their fees.
   g) Establishing Bank branches or offices.
   h) Reviewing the Bank's periodic reports.

2- The Board may, in order to carry out its duties, form standing or interim committees from among its members or others and assign thereto any necessary powers and competences. The committee formation decision shall designate its chairman and members and shall determine its powers and remuneration. The committee may seek the assistance of any person it deems necessary to carry out its duties.
3- The Board may delegate some of its powers to the Governor who may in turn, according to the guidelines and authority matrix endorsed by the Board, delegate said powers to whomever it deems fit from among Bank staff.

Article 11

1- The Board shall convene every three months upon a call by its Chairman; it may also convene whenever necessary upon a call by its Chairman or at the request of at least three members.
2- A Board meeting shall only be valid if attended by the majority of its members, provided the Chairman or the assigned Vice Governor is present.
3- Board decisions shall be passed by majority vote of attending members. In case of a tie, the chairman of the meeting shall have the casting vote. Voting may be carried out electronically.
4- The Board may invite experts and specialists from among Bank staff or others to attend its meetings in a non-voting capacity to provide advice, data, or clarifications as requested by the Board.
5- The Board shall appoint a secretary from among Bank staff, and shall determine his duties, remuneration, and term of appointment.
6- Board decisions and meeting minutes shall be recorded and shall be signed by the chairman of the meeting, attending members, and the secretary.

Article 12

The Governor shall submit to the King a request to appoint a replacement Board member, in accordance with Article 8(2) of this Law, if a member:

1- dies;
2- no longer satisfies the membership requirements stipulated under this Law;
3- requests to be discharged;
4- does not attend three consecutive meetings and does not provide an acceptable excuse to the Board or obtain the consent of the Chairman;
5- becomes unable to perform his duties for any reason; or
6- grossly breaches any of his duties, as determined by the Board.

Article 13: The Governor, Vice-Governors, and Bank Staff

The Bank shall have a full-time governor at the rank of Minister; his appointment and benefits shall be determined pursuant to a royal order. The Governor shall manage the Bank's activities, implement its policies, and carry out its duties. He shall also carry out, in accordance with this Law, any other activities he deems necessary and appropriate, particularly the following:

1- Implementing Board decisions.
2- Providing periodic reports to the Board regarding Bank operations, activities, and achievements.
3- Providing recommendations to the Board regarding matters falling within its jurisdiction.

4- Representing the Bank before the judiciary and in its relationship with others, and he may delegate such duty.
5- Carrying out Bank duties and exercising its powers according to the guidelines and authority matrix endorsed by the Board.
6- Proposing Bank strategies and operational plans.
7- Concluding agreements and contracts.
8- Appointing Bank staff, contracting with experts and consultants within the Kingdom or abroad, and determining their benefits, subject to Board endorsement.
9- Establishing cash centers and appointing agents and correspondents.
The Governor may delegate some of his powers to whomever he deems fit from among Bank staff.

Article 14

1- The Governor shall have two full-time Vice Governors to assist him in the discharge of his duties. The Board shall, upon a recommendation by the Governor, issue a decision specifying the powers, functions, and duties of each Vice Governor. The Vice Governors shall not participate in deliberations involving such decision nor vote thereon.
2- The Vice Governors shall, upon the recommendation of the Governor, be appointed at grade 'Excellent'; their benefits shall be determined pursuant to a royal order.
3- The Governor shall, in his absence, assign one of the Vice Governors to serve as acting governor.

Article 15

Bank staff may not be subject to any liability or claim due to carrying out their duties in accordance with this Law, except in cases of bad faith or gross breach.

Article 16: Conflict of Interest

1- A Board member shall disclose any direct or indirect conflict of interest, whether it exists prior to or during the performance of his duties. Said member may not vote on any matter involving a conflict of interest.
2- Bank staff shall disclose any direct conflict of interest and shall not, in matters involving conflict of interest, be involved in the decision making process or related procedures nor express his opinion thereon.

Chapter 3: Monetary Policy

Article 17

The Bank is solely responsible for formulating and implementing the monetary policy, and selecting its operational instruments and procedures.

Chapter 4: External Auditor

Article 18

1- The Bank's accounts shall be audited by an external auditor, or more, who must be technically qualified and have expertise in Bank activities. Said auditor shall directly report to the Board and submit his reports thereto.
2- The external auditor's duties shall be limited to auditing the Bank's accounts and financial statements and may not interfere, in any manner, with Bank management or policies.
3- The external auditor shall have the right to access the Bank's books, records, and documents, and may request any data he deems necessary to carry out his duties. If the auditor is unable to gain access to such data, he shall report the same to the Board.

Chapter 5: Relationship with the Government and Foreign Entities

Article 19

The Bank shall, on behalf of the Government and upon the request of the Minister of Finance or his designee, carry out the following:

1- Open, settle, and monitor current accounts and record government revenues.
2- Maintain deposits and accounts.
3- Supervise the issuance and payment of letters of credit domestically and internationally.

Article 20

To achieve its objectives and carry out its duties, as required by the nature of its business, the Bank may:

1- enter into bilateral or multilateral agreements relating to monetary, regulatory, or oversight policies, in accordance with statutory procedures;

2- conclude agreements with other central banks; similar foreign supervisory or oversight entities; or relevant international institutions, organizations, and councils, in accordance with statutory procedures;
3- cooperate and coordinate with foreign counterparts for the purpose of exchanging information or carrying out supervisory and oversight visits related to financial institutions; and
4- carry out monetary and financial operations and open accounts with other central banks and local, foreign, regional, and international monetary and financial institutions.

Article 21

In its communications with similar foreign oversight and supervisory authorities and relevant international organizations, the Bank shall:

1- promote its relationship therewith by exchanging visits and holding meetings and work sessions; and
2- keep abreast of reports and information issued thereby.

Chapter 6: Concluding Provisions

Article 22

1- The Bank may conclude contracts and agreements in Arabic or other languages, as necessary.
2- The Bank shall not, in carrying out its activities and procurements, be subject to the provisions of the Government Tenders and Procurement Law, and shall instead be subject to regulations and policies issued by the Board, provided that such regulations and policies are in line with the main objectives and principles of the Government Tenders and Procurement Law.
3- Bank contracts and agreements shall be subject to policies approved by the Board. However, if the interest of the Bank so dictates, Bank contracts and agreements may stipulate that they be subject to foreign laws, in accordance with policies issued by the Board. In such case, said contracts and agreements may stipulate that they be subject to the jurisdiction of foreign courts or settle disputes through arbitration.

Article 23

Board members, Bank staff, Bank agents, and external auditors shall not disclose any data or information relating to the affairs of the Bank or financial institutions, whether during or after the term of their employment.

Article 24

Interfering, in any way, in the Bank's activities and policies as well as its contracts and agreements,

imposing oversight over the Bank, and auditing its accounts shall not be permitted.

Article 25

The Bank shall submit to the King a report comprising the latest financial and economic developments in the Kingdom and the external auditors' fiscal year-end report; a copy thereof shall be submitted to the Minister of Finance and shall be published at the appropriate time and in the appropriate manner.

Article 26

This Law shall supersede the Saudi Arabian Monetary Authority Law, promulgated by Royal Decree No. 23, dated 23/5/1377H, and shall repeal any provision conflicting therewith.

Article 27

This Law shall enter into force 90 days following the date of its publication in the Official Gazette.