The Cooperation Council for the Arab States of the Gulf
Secretariat General

STATUTE OF THE MONETARY COUNCIL

2010

The Member States, who are contracting parties to the Monetary Union Agreement, have approved the Statute of the Monetary Council of the Cooperation Council for the Arab States of the Gulf, hereinafter referred to as the "Monetary Council" as follows:

Article (1)

Definitions

The following terms shall have the meanings assigned against them, unless the context otherwise requires:

"***Cooperation Council***": The Cooperation Council for the Arab States of the Gulf

"***Supreme Council***": The Supreme Council of the Cooperation council

"***GCC States***": Member States of the Cooperation Council

"***Member States***": States of the Cooperation Council that are contracting parties to this Agreement
"***Monetary Union***": Monetary Union of Member States

"***Central Bank***": The Central Bank of Member States

"***National Central Banks***": Monetary agencies and Central Banks of Member States

"***Lending***": Overdrawing or any other kind of lending facilities

"***Single Currency Area***": The Single Currency Area of Member States

"***Financial institutions***": The entities subject to the licensing, supervision and control of National Central Banks

"***Government entities***": Governments of Member States, local national authorities, legislative bodies, public establishments and other affiliated entities

Article (2)

Establishment

1. The Monetary Council shall be established and shall carry out its functions pending the establishment of the Central Bank, which shall automatically supersede the Monetary Council as soon as the arrangements related to the establishment of Central Bank have been finalized.

2. The Monetary Council shall carry out its tasks and functions in accordance with the provisions of the Monetary Union Agreement and the Statute thereof.
3. The Monetary Council shall be based in Riyadh, the Kingdom of Saudi Arabia

Article (3)

Legal Personality

The Monetary Council shall have its independent legal personality in all Member States within the limits, objectives and tasks of its mandate under the conditions set out in the MUA and in its Statute.

Article (4)

Objectives and Tasks

The primary objective of the Monetary Council shall be to prepare the required infrastructure for establishing the Monetary Union , in particular the establishment of the Central Bank and laying down its analytical and operational capacities through:

1. Enhancement of cooperation among National Central Banks (NCBs) with a view to creating

appropriate conditions for the establishment of the Monetary Union

2. Development and coordination of the monetary policies and exchange rate policies for national currencies until establishment of the Central Bank
3. Following up the adherence to the prohibition on NCBs lending to public entities in Member States and developing appropriate rules of procedures
4. Drawing up the necessary legal and organizational framework for the CB to carry out its tasks in cooperation with NCBs
5. Development of necessary statistical systems with view to achieving the objectives of the Monetary Union
6. Preparation for the issuance of the banknotes and coins of the single currency and developing a uniform framework for the introduction and circulation of the single currency in the single currency area
7. Ensuring readiness of the payment and settlement systems related to the single currency
8. Following up fulfillment of the Member States' obligations to the Monetary Union and the introduction of single currency specifically those related to the performance of the economic convergence criteria

9. The timeframe for the introduction and circulation of the single currency shall be specified in the light of the above
10. Making recommendations to the GCC on the legislation required for establishing the Monetary Union and the CB and introducing the single currency

Article (5)

Consultation with the Monetary Council

Member States shall consult the Monetary Council on any proposed draft legislation related to the Monetary Union.

Article (6)

Membership

Members of the Monetary Council shall consist of National Central Banks.

Article (7)

Independence

Neither the Monetary Council nor any member of its Board of Directors or Executive Body shall receive instructions from any GCC bodies or any governments

of Member States or any other entities that would influence the performance of their tasks and duties under this Statute.

Article (8)

Bodies of the Monetary Council

The Monetary Council is composed of the Board of Directors and the Executive Body. Each of these two bodies may form any sub-committees or sub-bodies as deemed appropriate.

Article (9)

The Board of Directors

1. Membership of the Board of Directors is composed of the governors of the NCBs.
2. The Board of Directors shall elect a chairperson and a vice-chairperson among its members for a one- year office.

Article (10)

Meetings of the Board of Directors

1. The Board of Directors shall meet at least six times a year, and it may hold additional meeting, if so required, upon a request by the chairperson or any Board Member.
2. If a governor of a national central bank fails to attend

the meeting, he may authorize a representative to attend the meeting on his behalf. If the chairperson fails to attend the meeting, the vice-chairperson, who shall be a governor, shall chair the meeting. If both fail to attend the meeting in person, the Board shall elect a governor to chair the meeting.

3. The meeting quorum shall be deemed valid if two thirds of the Board members are present. Decisions of the Board are unanimously taken in objective matters and by absolute majority of the members present in criminal matters. Each Board member shall have a single vote. In the event of a tie, the side with the chairperson shall have the casting vote.

Article (11)

Functions of the Board of Directors

The Board of Directors shall have full powers that would enable it to achieve the purposes for which the Monetary Council has been established. To this effect, the Board of Directors shall be entitled to:

1. issue the regulations and rules that are necessary to implement the objectives and tasks of the Monetary Council
2. take the required actions for establishing the Central Bank
3. follow up the actions taken by Member States to

prepare the payment systems and settlement systems thereof so as to deal with the single currency

4. take necessary actions to ensure that member States have met their obligations to the Monetary Union, the establishment of the CB and the introduction of the single currency, especially those related to the economic convergence criteria , compatibility of national legislation of Member States with the CB Statute, and the preparation of necessary relevant reports.
5. approve the bylaw of the Board of Directors
6. approve the financial and administrative rules of the Monetary Council
7. approve the balance sheet of the Monetary Council
8. appoint and discharge external auditors
9. appoint the executive president of the Monetary Council as well as the senior staff of the Executive Body
10. perform any other functions as deemed appropriate by the Board of Directors in accordance with the objectives and tasks of the Monetary Council

Article (12)

The Executive Body

1. The Executive Body shall consist of a full time executive president and other senior executive staff

2. The executive president as well as the senior executive staff shall be nationals of the GCC Member States who shall be adequately qualified persons having distinguished experience and efficiency
3. The executive president shall appoint the other staff from the GCC citizens. Exception to this rule may be authorized under approval of the Board of Directors.
4. The executive president shall be directly responsible for the performance of the executive staff. He shall also represent the Monetary Council as authorized by the chairperson. He shall also participate in the meetings of the Board of Directors without the right to vote.

Article (13)

Functions of the Executive Body

The Executive Body shall have the following functions:

1. Preparation of the studies on the integrated plans and programs related to the objectives and tasks of the Monetary Council and reporting the same to the Board of Directors
2. Following up implementation of the recommendations o f the Board of Directors

3. Preparation of the reports and studies as requested by the Board of Directors
4. Preparation of the draft rules and directives
5. Preparation of the balance sheets and the closing accounts of the Monetary Council
6. Any other tasks assigned to it by the Board of Directors

Article (14)

Financial Year

The financial year of the Monetary Council shall be a Gregorian year, which ends on 31 December, excluding the first fiscal year, which shall start from the date of establishment of the Monetary Council and ends on 31 December of the subsequent year. Annual accounts of the Monetary Council shall be expressed in the currency of the host Member State. The Board of Directors may amend the provisions of this Article at its discretion.

Article (15)

Establishment costs and budget

National Central Banks shall share the costs of establishing the Monetary Council and its annual balance sheet on equal basis. The Board of Directors

shall set the timetable for the payment of shares as well as the currency of payment.

Article (16)

Privileges and Immunities

Pursuant to Article (23) of the Agreement, the Monetary Council, the members of its Board of Directors, its committees as well as its staff shall enjoy the required privileges and immunities in Member States to enable them to perform their duties as set out in said Article. The Monetary Council shall make a Headquarter Agreement with the host Member State, which would govern the relation between them.

Article (17)

Professional confidentiality

The Chairperson and members of the Board of Directors as well as the other sub-bodies and the staff of the Monetary Council and NCBs shall not disclose any information that they may have access to during the performance of their jobs, if such information is of confidential nature or classified under specific directives. This non-disclosure clause shall remain valid even after service termination.

Article (18)

Termination of the Monetary Council

1. The Monetary Council shall be terminated and superseded by the Central Bank under a resolution to be issued by the Supreme Council based on a recommendation by the Monetary Council.
2. All rights and obligations of the Monetary Council shall pass to the Central Bank.
3. NCBs shall pay any deficiency in the budget of the Monetary Council, when terminated, on equal basis, or the surplus, if any, shall be equally allocated to NCBs.
4. The Board of Directors shall set the rules and other transitional provisions related to the termination of the Monetary Council.

Article (19)

Amendments

Amendments to this agreement may be effected after approval of all Member States upon a proposal of any Member State. For any amendment to enter into force, it shall be subject to the same procedures as set out in Article (28) of the Agreement.

Article (20)

Entry into force

This Statute is drawn up in a single original in the Arabic language, which shall be deposited with the Secretariat-General. This Statute shall enter into force after one month from the date of entering into force of the Monetary Union Agreement, whereby the Monetary Council shall be then deemed organized.

This Statute was approved at Muscat, Sultanate of Oman, on the 2nd day of Muharram 1430 AH, corresponding to the 30th day of December 2008 AD.

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