

CIRCULAR BM 928

January 16, 2002

To: All Locally Incorporated Banks in the Sultanate

Sub: **Financial Obligations of Chairmen, Members of the Board of Directors and Executives of Locally Incorporated Banks to any of the Licensed Banks within the Sultanate of Oman**

The Board of Governors of the Central Bank of Oman reviewed the captioned subject recently with a view to enhance soundness of the Sultanate's Banking system, achieve greater transparency therein and reinforce fit and proper criteria for Senior Members in the Management of the Sultanate's banks (as defined in Article 1 (c) of Regulation BM/REG/48/2/2000 issued under the cover of Circular BM 889 dated April 19, 2000) and resolved that locally incorporated banks be directed to abide henceforth by the following instructions:

1. A Senior Member in the Management of a locally incorporated bank will have to be removed from his/her respective position when his/her obligations to any of the bank/s within the Sultanate are classified by any of the following:
 - a) The Central Bank of Oman
 - b) The statutory auditors of such banks who have exposure to the Senior Member
 - c) The bank/s who have exposure to the Senior Member
2. For implementing the instruction vide Article 1, a grace period of three months from the date of classification of the exposure is

allowed in order to afford an opportunity to the defaulting Senior Member to regularise his/her bank accounts and ensure declassification of the exposure so that he/she could continue in his/her respective position. In the event of the Senior Member's failure to regularise his/her bank accounts and secure declassification of his/her exposure within the stipulated grace period, he/she will be dismissed from his/her respective position and the bank/s will be free to proceed legally against him/her for recovery of its/their dues thereafter.

3. All locally incorporated banks shall comply accordingly.

Best regards,

Hamood Sangour Al Zadjali
The Executive President

BM-finobli
AMN:jf