

15 June 2010

CIRCULAR BM 1071

**To: All Licensed Banks
Operating in the Sultanate of Oman**

After Compliments,

**Re: Royal Decree No. 70/2010
Amendments to the Law Regulating
the Bank Deposit Insurance Scheme (Royal Decree No. 9/95)**

1. Attached is copy of Royal Decree No. 70/2010, issued on 26th May 2010, amending certain provisions of the Law Regulating the Bank Deposit Insurance Scheme (Royal Decree No. 9/95).
2. As will be observed therefrom, the following are the amendments Decreed.
 - i)
 - a) The word “subscriptions” in Royal Decree 9/95 is replaced by “contributions”.
 - b) The words “special contributions or membership deposits” in Article 6 thereof are replaced by “contributions”.
 - c) Article 12 is replaced as under:

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.
 - ii) A new sub-Article is added to Article 15 as under:
 - f) In case of a joint account of two or more persons, compensation amount shall be distributed according to

CIRCULAR BM

their shares in the account. If the shares in their account have not been specified, shares shall be treated 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.

- iii) a) Article 2D is deleted.
- b) Articles 5C and 5D are deleted.
- c) Article 11A is deleted.

3. The amendments have the following effects.

- i) Member banks' initial subscriptions/membership deposits/contributions, present and future, are not "deposits" any more and are not eligible for interest or repayment.

Banks should arrange, accordingly, to take them to expense account.

- ii) Maximum amount of compensation payable to a depositor of a bank shall be RO 20,000/- and it will not be related to percentage of deposit (this was 75% earlier). Net deposits of RO 20,000/- and below shall be fully compensated.
- iii) Beneficiaries of deposit insurance coverage in the case of joint accounts have been made clear.

4. All licensed banks shall be guided accordingly.

Best Regards,

Hamood Sangour Al Zadjali
The Executive President

Encl: a/a

