

Law No. (46) of 2012
amending certain provisions of Law No. (1) of 2005
on banks and adding a special chapter on Islamic banking

The National Transitional Council,

Upon review of:

- The Interim Constitutional Declaration;
- Law No. (1) of 2005 on banks;
- The Civil and Commercial Code;
- The Penal Code and the Code of Criminal Procedure;
- The Income Tax and Stamp Law;
- Law No. (8) of 2012 on the Official Gazette;
- Based on the submission of the Governor of the Central Bank of Libya; and
- The conclusions of the National Transitional Council in its meeting held on Wednesday, 16/5/2012;

issued the following Law:

Article (1)

The following expressions, wherever found in Law No. (1) of 2005 on banks, shall be replaced with the expressions set out next to each:

General People's Congress: The legislative branch
Secretariat of the General People's Congress: The legislative branch
The Great Jamahiriya: Libya
Citizenship of the Great Jamahiriya: Libyan citizenship
Secretariat of the General People's Committee: The government
Financial and Technical Oversight Authority: Audit Office
Secretariat of the General People's Committee for Finance: Ministry of Finance
Finance Secretariat: Ministry of Finance
Public Treasury: Ministry of Finance
Procedures Register: Official Gazette

Article (2)

The provisions in articles, paragraphs, and clauses (4), (5.1.2, 5.1.3, 5.2.3), (6.4), (14), (16.1.1, 16.1.2, 16.1.3, 16.1.9), (31), (32), (43.4), (46), (55), (56.1.1, 56.1.3, 56.1.6, 56.1.8, 56.1.10, 56.2.3), (61), (62.1, 62.2), (65.2.6), (66.1, 66.2), (67.1), (68.1, 68.2), (69.1), (70.1.3, 70.2), (77.1, 77.6), (83.1, 83.3), (84), (86), (101.2), (112), (117.2) of the aforementioned Law shall be amended and new paragraphs and clauses shall be added to Articles (18.1.6), (62.4), (68.5), as follows:

1. Article (4):

The capital of the Bank shall be one billion dinars. The capital may be increased by a decision from the legislative branch, based on a proposal by the Bank's board of directors.

2. Article (5.1.2, 5.1.3):

2. Administering its reserve and the State's reserves of gold and foreign currency.
3. Regulating and administering monetary policy and supervising currency transfer operations inside Libya and abroad.

3. Article (5.2.3):

3. Monitor and supervise banks, exchange offices and companies, and financial leasing companies to ensure their sound financial position, monitor their efficiency, and undertake the measures necessary to protect the rights of their shareholders, depositors, and clients.

4. Article (6.4):

4. Administering and developing its reserve and the State's reserves of gold and foreign currency.

5. Article (14):

The Bank shall be managed by a board of directors, as follows:

1. Governor, Chairman
2. Deputy Governor, Vice Chairman
3. Deputy Minister of Finance, Member

Six other members holding high credentials in the fields of law, finance, banking, economics, and information technology.

6. Article (16.1.1, 16.1.2, 16.1.3, 16.1.9):

1. The Bank's board of directors shall exercise the powers related to achieving the Bank's goals and objectives and establish and implement monetary, credit, and banking policies. In doing so, it may exercise all powers, the following in particular:

1. Select monetary policy instruments, determine their means, formulate the procedures that can be followed and implement them.
2. Specify the rules that are followed in assessing the assets that offset Libyan banknotes.
3. Establish the rules governing supervision and oversight of banks, exchange offices and companies, financial leasing companies, and investment funds, in accordance with the provisions set out in this Law, and issue the governance guide for the banking sector.
4. Permit the establishment of banks of all types (commercial and specialised, finance and investment banks, Islamic banks, and the like), exchange offices and companies, financial leasing companies, and investment funds. Establish the conditions governing the performance of their activities, and the forms for their articles of association and by-laws.

7. Article (18.1.1)

1. Appoint or contract bank employees, issue decisions related to their secondment or assignment, and promote, transfer, and accept their resignations.

8. Article (31):

The unit of currency in Libya shall be the Libyan dinar, which shall be divided into one thousand dirhams. The Bank's board of directors shall set the equivalent value of the Libyan dinar in special drawing rights units or any convertible foreign currency or according to the interaction of the forces of supply and demand on the foreign exchange market.

9. Article (32):

The Bank shall set and administer the exchange rates of the Libyan dinar for foreign currencies according to local and international financial and economic developments in the interests of the national economy.

10. Article (43.4):

Banks operating in Libya may open accounts in foreign currencies, for natural persons or legal entities, to be funded through:

1. The equivalent in foreign currency of the foreign banknotes the banks agree to purchase or other payment instruments in the foreign currency for the account.

11. Article (46):

Engaging in banking activities, exchange activities, investment funds, and financial leasing activities shall be by permission from the Central Bank of Libya. The Bank's board of directors shall establish the rules governing these activities and issue and cancel licenses to engage therein.

12. Article (55.1):

Pursuant to this Law, the following shall be subject to the oversight of the Central Bank of Libya:

1. Commercial banks and Islamic banks.
2. Specialised banks.
3. Banks that engage in their activities abroad, and whose main headquarters is in Libya.
4. Branches of foreign banks in Libya.
5. Offices representing foreign banks in Libya.
6. Exchange offices and companies, financial leasing companies, and investment funds.

13. Article (56.1.1, 56.1.3, 56.1.6, 56.1.8, 56.1.10):

1. The method followed in assessing the various types of assets of the bodies subject to the oversight of the Central Bank of Libya.
3. The entities in which the bodies subject to the oversight of the Central Bank of Libya are prohibited from investing their funds.
6. Set or liberalise interest rates on all accounts, and moratory interest.
8. The credit policy that banks should follow, and credit guidance, including setting the value and deadlines therefor, whether for all banks or for any one of them.
10. Maximum investment limits for securities, real estate financing, and credit for consumer purposes.

14. Article (56.2.3):

3. The controls and conditions that must be met by board members and directors working in banks and exchange companies, financial leasing companies, and investments funds, and approve their candidacies.

15. Article (61):

The Central Bank of Libya may review, at any time, the books and documents of the bodies subject to its oversight, accounts opened by banks, and the electronic files and systems related thereto. Review shall take place at the headquarters of each, and be performed by bank inspectors assigned for this purpose. The body must submit to such inspectors all data and facilities required to perform their duty. Inspectors are prohibited from granting access to third parties or disclosing thereto anything from the records, papers, or information related to the inspection, other than in the legally authorised circumstances, or when such is required for a judicial investigation.

16. Article (62.1):

1. If the Central Bank of Libya finds in its examination of the data related to any of the bodies subject to its oversight, that it has financial problems, as set out in paragraph (3) of this Article, the governor shall warn it in writing of the necessity to rectify its situation within a period not to exceed two weeks from the date it receives the warning. The governor may extend this period, not to exceed a total of thirty days, if it is established that the body has initiated measures to remedy its financial problems, and has actually started to provide the additional financial resources required. If the set deadline passes and the concerned body has not been able to remedy its financial problems, the governor may adopt one or more of the following procedures:

1. Call a meeting of the general assembly, and adopt the appropriate measure.
2. Suspend the general director and refer them to investigation. Assign someone to assume management in their place.
3. Suspend the board of directors and refer it to investigation. Appoint a managing committee to assume management of the body temporarily, until the situation is remedied.
4. Merger into another body, with the approval of the general assembly of the body it is merged with.
5. Revoke the permit granted to the body to engage in its activities, and adopt the measures necessary for its liquidation.

17. Article (62.3):

3. Under this Article, a body shall be deemed to be facing financial problems if it meets one of the following circumstances:

1. Its assets cannot cover its obligations.
2. Significant reduction of its assets or returns, as a result of undertaking a practice inconsistent with the rules and standards governing its activities.
3. Strong evidence that it will not be able to meet the demands of its creditors or fulfil its obligations in ordinary circumstances.
4. Its continued inability to maintain its liquidity and mandatory reserve requirements, provided under this Law, for a period of sixty continuous days or ninety discontinuous days within one year.
5. Continued decrease in the value of equity, or inability to maintain the necessary appropriations.
6. Projected financial problems, as a result of the merger of a body or its incorporation into another body.

7. Any other circumstance categorised as a financial problem by the Central Bank of Libya.

18. Article (62.4):

4. The procedures adopted by the governor, with regard to the bodies subject to the oversight and supervision of the Central Bank of Libya, pursuant to the provisions set out in this Article, shall replace the procedures set out in Articles (206) and (207) of the Commercial Code.

19. Article (65.2.6):

6. Financial leasing activities.

20. Article (66.1.1, 66.1.4):

1. Each body subject to the oversight and supervision of the Central Bank of Libya must, prior to engaging in the activity, obtain a permit for such from the Central Bank of Libya's board of directors. This permit shall replace the permit provided under the Commercial Code. Prior to issuance of the permit, the following shall be taken into consideration:

1. Submission of a request from the founders to the Central Bank of Libya, accompanied by the documentation specified thereby.

4. The trade name of the body requesting the permit is not like or similar to the name of another entity in a manner that arouses confusion.

21. Article (66.2):

2. Any body not permitted to engage in banking, exchange, financial leasing, or investment fund activities in accordance with this Law, shall be prohibited from using the word "bank" or "exchange" or the expression "financial leasing" or "investment fund" and the like, or any similar expression in any language, whether in its own name or its commercial address or advertisements.

22. Article (66.1):

1. With the exception of exchange offices, the bodies subject to the oversight and supervision of the Central Bank of Libya must be founded as a Libyan joint-stock company. A decree from the Central Bank of Libya's board of directors shall specify the rules for natural persons and legal entities, public and private, and the amount that should be paid upon subscription, so that such is not less than three-tenths of the subscribed financial capital, and the maximum limit for completing payment of the subscribed capital. The issuance of a permit to any of these bodies to engage in its activities shall not prevent the Central Bank of Libya from exercising its competencies to assess its capital structures and adopt the procedures and measures required to correct them, including freezing invalid shares, until such is corrected. Frozen shares shall not have marketing power in meetings of the general assembly.

23. Article (68.1):

1. Each of the banks subject to the oversight and supervision of the Central Bank of Libya shall be managed by a board of directors, consisting of at least nine members. These members shall be appointed and their financial treatment determined by a decision from the bank's general assembly. The board of directors shall choose a chairman and one or more vice-chairmen from among its members. The bank's by-laws shall determine the membership term of the board of directors.

24. Article (68.3):

3. It is a requirement that the chairman and members of the board of directors and the general director enjoy their full civil and political rights, hold a university credential, and possess not less than five years of experience in banking. None may be a member of the board of directors of another local bank or have been suspended from their job, in accordance with Article (119.6) of this Law. The governor may make exemptions from the requirement of a university credential if the candidate has more than ten years of experience in the banking field.

25. Article (68.5):

5. The Central Bank of Libya's board of directors shall establish the controls and conditions it deems necessary to implement the provisions set out in the preceding paragraphs of this Article, as required by the work standards and governance rules in the banking sector.

26. Article (69.1):

1. The governor must be notified of the appointments of members of the board of directors and the general director for any of the bodies subject to the oversight and supervision of the Central Bank of Libya, and all information related thereto, within one week at most from the date the appointment decision is issued. The governor may challenge the appointment within two weeks from the date he receives the notice.

27. Article (70.1.3):

3. Death or the inability to perform the activities of the position.

28. Article (70.2):

2. If, for any of the reasons provided under the preceding paragraph, the position of one of the members is vacant, the candidate with the highest number of votes shall be called, followed by the number of votes obtained by the other associated members. If this is not possible, the body's board of directors shall delegate someone to replace them until the first meeting of the general assembly is held, and adopt a decision to approve such person or appoint a replacement therefor. In both cases, the appointment of the replacement member shall be to complete the remaining term on the board. The delegated replacement member shall be subject to the conditions of approval set out in Article (69.1).

29. Article (77.1, 77.6):

All banks are prohibited from engaging in the following operations:

1. Wholesale and retail trade, including import and export, or performing brokerage and commercial agency activities, except as required by financial leasing activities that the bank engages in pursuant to Article (65.2.6) or as required by Islamic banking services that are permitted by the Central Bank of Libya in accordance with Article (65.2.12).

6. Purchase shares in the capital of any of the banks operating in Libya, including those whose main headquarters is abroad, other than with permission from the Central Bank of Libya's board of directors.

30. Article (83.1):

1. Each of the bodies subject to the oversight and supervision of the Central Bank of Libya shall annually entrust the examination of their accounts to two statutory auditors. Such auditors shall be selected by the body's general assembly from among those registered in the registry provided in the preceding Article, for a period of two years, renewable one time only. The assignment decision shall be effective only after approved by the governor, in accordance with the provision set out in Article (69.1). The following shall be required of both:

1. They may not be members of the bank's board of directors, an employee or agent thereof, or have obtained a loan or facility therefrom, with or without a guarantee.
2. They may not be a relative up to the fourth degree of a member of the board of directors or another of the bank's statutory auditors.

31. Article (83.2):

3. Each bank shall entrust a consulting firm or office to appraise the real estate and other assets submitted thereto as a guarantee for financing, loans, or facilities granted thereby. It must be registered in the registry provided in the preceding Article, and none of those working therein may have obtained a loan or facility, with or without a guarantee. Without prejudice to the penalties provided in Articles (109.2) and (112) of this Law, the appraisal office or consulting firm and directors thereof shall be liable for any negligence contained in the appraisal report it submits to the bank. In this case, the Central Bank of Libya may remove it from the registry provided in the preceding Article.

32. Article (84):

Each of the bodies subject to the oversight and supervision of the Central Bank of Libya shall display throughout the year, in a visible location at its main headquarters and all of its branches, a copy of its last audited financial statements and shall publish them in the Official Gazette, in a local newspaper, and on its website.

33. Article (86):

Shareholders who own not less than a tenth of the total shares in the capital of any of the banks subject to the oversight and supervision of the Central Bank of Libya and depositors whose deposits are not less than a tenth of the total deposits held thereby, may request the Central Bank of Libya to inspect and examine its activities. The Central Bank of Libya may assign one or more employees to conduct the requested inspection and examination. The employees of the concerned bank shall submit the requested books, accounts, data, and documentation to the inspectors and provide the information and data requested thereof, provided such is all at the bank's headquarters and to those entrusted with the inspection. Immediately upon completion of their task, they must submit to the governor a report on the conclusions reached. If the governor finds there is anything that harms the rights of the shareholders or depositors, he may adopt any of the procedures provided in Article (62.1.2) and (62.1.3) of this Law, applying the provision provided in paragraph (4) of said Article.

34. Article (101.2):

2. The Central Bank of Libya's board of directors shall hold competence to impose the fines set out in Articles (102), (104), (106), (107), (108), (109), (110), (111), and (114) of this Law.

35. Article (112):

Any statutory auditor who violates the duties provided under Article (83.2) or does not observe the principles and rules of the profession in their report shall be punishable with imprisonment for a period not less than six months, a fine not more than fifty thousand dinars, or one of the two penalties.

The same penalty shall apply to any real estate assessor who violates the provision provided in Article (83.3) or who does not observe the principles and rules of the profession in their report.

36. Article (117.2):

2. Criminal cases may not be filed or any investigation procedure adopted in the crimes set out in this Law, except based on a request from the governor. Such shall not prejudice evidence-gathering procedures that the customs authorities hold competence to perform, in accordance with Article (50) of this Law.

Article (3)

A Chapter (4) titled "Provisions on Islamic Banking" shall be added to Part (2) of the Bank Law, consisting of nine articles, from Article (100) (*bis*) (1) to Article (100) (*bis*) (9), as follows:

Chapter (4) Provisions on Islamic Banking

Article (100) (*bis*) (1)

In the application of the provisions of this Chapter, the following expressions shall have the meanings set out next to each, unless provided otherwise by the context:

1. Islamic bank: A bank whose articles of association and statute contain an undertaking to engage in Islamic banking activities, whether in the area of accepting depositor funds, in the areas of sales, financing, and investment, or in providing other banking services, so as to achieve added economic and social value, as provided by the Central Sharia Supervisory Board.
2. Islamic banking: Providing banking services and engaging in financing and investment activities in accordance with bank transaction formulas that do not conflict with the provisions of the Islamic sharia.
3. Central Sharia Supervisory Board: The board formed by the Central Bank of Libya, as provided under [Article] (100) (*bis*) (6).
4. Sharia Supervisory Board: The board appointed by the general assembly of a bank that engages in Islamic banking activities, under the provisions set out in Article (100) (*bis*) (7).
5. Sharia Audit and Review Department: The department affiliated to the bank's board of directors, holding competence to perform Islamic audits and reviews of the bank's daily activities, in accordance with international standards set with regard to the audit of Islamic banks.
6. Islamic banking branches: Bank branches authorised by a traditional bank to perform Islamic banking activities, provided that these branches have a financial centre independent of the parent bank and are affiliated to an Islamic banking department.
7. Islamic banking windows: Windows authorised by a traditional bank to provide Islamic bank financing and services at its branches, though separate offices, provided such windows are affiliated, technically, to an Islamic banking department.

Article (100) (*bis*) (2)

1. The establishment of Islamic banks shall be subject to the provisions, controls, and conditions provided in Articles (66), (67), (68), (69), (70), (71), and (72) of this Law.
2. The Central Bank of Libya's board of directors shall establish a model articles of association and statute for Islamic banks, based on the proposal of the Central Sharia Supervisory Board, which shall include the following in particular:

1. The bank's performance of Islamic banking activities, as set out in the provisions of this Chapter, and the regulations, decrees, publications, and instructions issued pursuant thereto.
2. The right of investment account holders, who maintain stable accounts in the Islamic bank for a period not less than three years, to attend meetings of the general assembly in the capacity of observers, and their right to select a member from among them to represent them on the board of directors of the Islamic bank.

Article (100) (bis) (3)

Banks authorised to engage in Islamic banking activities may perform the following bank transactions, in accordance with the controls, limits, and conditions set by the Central Bank of Libya's board of directors, based on the proposal of the Central Sharia Supervisory Board:

1. Accept client funds for current accounts.
2. Accept investor funds for joint investment accounts
3. Perform the banking activities provided in Article (65.2) of this Law, in a manner that does not conflict with the provisions of the Islamic sharia, whether for the Islamic bank or for third parties, or in cooperation therewith.
4. Perform financing operations for economic activities, in a manner that does not conflict with the provisions of the Islamic sharia, by using sharia contracts, such as *mudaraba* and *musharaka*, *murabaha*, *bai salam*, *istisna*, operating *ijara* and *ijara* leading to ownership, and other supplementary contract formulas proposed by bank sharia supervisory boards and approved by the Central Sharia Supervisory Board.
5. Invest client funds in joint investment accounts with the Islamic bank's resources, in accordance with the joint *mudaraba* system or invest it in an allocated investment account, depending on the special agreement with the client.
6. Perform direct or financial investment activities for the Islamic bank or for third parties or in cooperation therewith, including owning movable property, entering into *musharaka* contracts, and establishing companies that engage in various economic activities or holding shares therein.
7. Perform any other of the Islamic banking activities permitted by the Central Bank of Libya's board of directors, based on the proposal of the Central Sharia Supervisory Board.

Article (100) (bis) (4)

Islamic banks are prohibited from performing banking activities and services that violate the provisions of the Islamic sharia, including:

1. Interest on debt, which is collected or paid in all lending, borrowing, and deposit cases, including any fees paid by the borrower not for a service involving effort that has an approved value in the view of the sharia supervisory board.
2. Interest on sales, in banking transactions linked to credit, as well as interest involved in similar transactions.
3. Any activities or transactions prohibited under the sharia, as determined by the Central Sharia Supervisory Board.

Article (100) (bis) (5)

1. Islamic banking activities shall be subject to the provisions on bank oversight provided in this Law, in a manner that does not conflict with the provisions set out in this Chapter, and as appropriate to the nature of these activities. The standards set in the area of oversight shall be applied. Banks authorised to perform these activities shall be subject to the commitment provided in this Law regarding the provision of financial data to the Central Bank of Libya, taking into consideration the amendment thereof to be in line with the standards set with regard to the audit of Islamic bank accounts.
2. The Central Bank of Libya's board of directors shall establish the controls regulating the work of banks authorised to perform Islamic banking activities, including:
 1. The special rules with regard to the mandatory cash reserve, liquidity, and capital adequacy, and with regard to concentration of investments.
 2. The allocations account rules that must be applied to meet asset risks.
 3. Balance sheet audit standards.
 4. The rules, standards, controls, and mechanisms necessary to convert a traditional bank to an Islamic bank, or to open branches or windows for performing Islamic banking activities.
The rules and conditions that must be followed in the bank's relationship with its clients and shareholders.
3. The Central Bank of Libya may establish maximum limits for banks authorised thereby to perform Islamic banking activities in the following matters:
 1. The value of transactions related to a specific activity.
 2. Shareholding in companies that the bank establishes or in which it owns capital shares, or the percentage of its shareholding in each project. Such shall be in a manner that is not less than half of the percentage set out in Article (77.3) of this Law.
 3. Amount of a single client's commitment to the bank.
 4. The funds that may be invested abroad, compared to total bank investments.
 5. Any other limits it deems necessary to control Islamic banking activities.
4. The Central Bank of Libya shall ensure that banks authorised to engage in Islamic banking activities utilise financial instruments that are appropriate to the nature of their activities, in a manner that achieves equal opportunities between it and other banks. With regard to the investment of their funds, these banks shall observe the rules, controls, and standards governing Islamic banking activities.

Article (100) (bis) (6)

The Central Bank of Libya shall have a Central Sharia Supervisory Board, with not less than five members who are specialists in sharia sciences and transaction jurisprudence, in addition to three other members who are specialists in the fields of law, economy, and banking. A decision shall be issued by the board of directors forming the board, stating its tasks and competencies, appointing its members, and setting their remuneration. The decisions of the Central Sharia Supervisory Board shall be binding for sharia supervisory boards at banks and institutions operating in the field of Islamic banking and Islamic financing.

Article (100) (bis) (7)

Each bank performing Islamic banking activities shall have a sharia supervisory board. The board shall have not less than three members who are specialists in sharia sciences, law, and

Islamic banking and persons with expertise in transaction jurisprudence. A decision by the bank's general assembly shall be issued appointing the members and setting their remuneration for a period of three years. They may be reappointed. The following shall be observed with regard to the sharia supervisory board:

1. Board members shall be appointed from among those registered in the Central Bank of Libya's controller registry, which shall be prepared and the rules, conditions, and procedures for registration therein determined under a decision from the governor, based on the recommendation of the Central Sharia Supervisory Board.
2. The provision provided in Article (69.1) of this Law shall apply with regard to the appointment and approval of board members. None of the members should be an employee of another local bank, a member of its board of directors, or on its sharia supervisory board. The Central Bank of Libya may, in the cases it deems fit, permit membership on more than one sharia supervisory board.
3. The board shall perform the tasks and competencies provided in the bank's statute, which shall include the following:
 1. Supervise the bank's activities to confirm they do not violate the provisions of the Islamic sharia.
 2. Supervise the bank's budgets, balance sheets, and distribution of profits, and confirm the soundness of its performance in accordance with the standards approved by the Central Sharia Supervisory Board.
 3. Approve the formulation of the contracts required for Islamic banking activities.
 4. Any other tasks assigned thereto by the Central Bank of Libya, based on the proposal of the Central Sharia Supervisory Board.

Article (100) (bis) (8)

Besides the obligations provided in Article (83) of this Law on auditing and the compliance unit, each bank that performs Islamic banking activities shall have:

1. A department for sharia auditing and review, directly under the bank's board of directors, whose director shall be appointed by a decision from the board, based on the proposal of its chairman or two of its members. The board shall determine the competencies of this department, which shall include the following:
 1. Perform sharia audits and reviews of the bank's daily activities, in accordance with the international standards established on auditing Islamic banking transactions.
 2. Prepare periodic and quarterly reports on its activities and submit them to the bank's board of directors and forward a copy of the report to the sharia supervisory board.
 3. Coordinate between the bank's management and both the sharia supervisory board and external auditors.
2. The Islamic banking department shall be under the bank's general director and include the administrative units, sections, and positions required to provide the approved Islamic banking services, financing, and products. It shall also be entrusted with the task of implementing everything related to Islamic banking activities, and coordinating with the other departments, in a manner that ensures the independence and growth of Islamic banking activity.

Article (100) (bis) (9)

1. Islamic banking activities shall be exempted from being subject to any provision provided in the laws in force that conflict with the nature of these activities or the requirements thereof.
2. The exemption set out in the preceding paragraph shall include the following examples:
 1. Minimum capital of an Islamic bank.
 2. Minimum amount allocated for investment in Islamic banking activities at banks authorised to perform such activities through branches or windows.
 3. Prohibited bank activities.
 4. Taxes due for registration of ownership contracts and contracts for activities entered into by the bank for the purpose of trade in the Islamic banking field.
 5. Limitation of the scope of membership of Islamic banks to the depositor funds guarantee fund provided in Article (91) of this Law to the demand deposits held by these banks, taking into consideration that the fund's use of Islamic bank subscriptions shall be separate, and in the manners permitted under the sharia.

A special fund to secure the risk of abuse and negligence shall be established for transactions related to financing and investment, with the possibility of establishing other funds and instruments, appropriate to the nature of Islamic banking activities, such as an endowment fund allocated to qard hasan, a zakat fund for returns on Islamic banking activities, and instruments for managing liquidity and the like, based on the proposal of the Central Sharia Supervisory Board.

6. Any other matters, necessitated by the nature of Islamic banking activities, as determined by the Central Bank of Libya's board of directors, based on the proposal of the Central Sharia Supervisory Board.

Article (4)

The provisions of the Chapter added under the preceding Article of this Law shall apply to the branches and windows that banks are authorised to open to perform Islamic banking activities before this Law enters into force, and the concerned banks shall reconcile the status of their branches and windows to comply with the provisions thereof within a maximum deadline of the end of the 2012 fiscal year.

Article (5)

Until a law on Islamic banking is issued, the provisions of the Bank Law shall apply to Islamic banking activities where there is no provision in the chapter on Islamic banking added pursuant to Article (3) of this Law, in a manner that does not conflict with the nature of these activities and the related operations and transactions.

Article (6)

This Law shall be published in the Official Gazette, and shall enter into force on the date of its publication.

The National Transitional Council – Libya

**Issued in Tripoli
On 16/5/2012**