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North-West Frontier Province

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PROVINCIAL ASSEMBLY SECRETARIAT,
NORTH-WEST FRONTIER PROVINCE.

NOTIFICATION

12th JULY, 2004.

No. PA/NWFP/Legis:1/2004/17674.—The Bank of Khyber (Amendment) Bill, 2004, having been passed by the Provincial Assembly of North-West Frontier Province on the 2nd July, 2004 and assented to by the Governor of the North-West Frontier Province on 8th July, 2004 is hereby published as an Act of the Provincial Legislature of the North-West Frontier Province.

THE BANK OF KHYBER (AMENDMENT) ACT, 2004. (N.-W.F.P. ACT NO. V OF 2004)

[First published after having received the assent of the Governor of the North-West Frontier Province in the Gazette of the N.-W.F.P. (Extraordinary), dated the 12th July, 2004].

AN
ACT

further to amend the Bank of Khyber Act, 1991.

WHEREAS it is expedient further to amend the Bank of Khyber Act, 1991 (N.-W.F.P. Act No. XIV of 1991), for the purposes hereinafter appearing;

It is hereby enacted as follows:

- 1. Short title and commencement.**—(1) This Act may be called the Bank of Khyber (Amendment) Act, 2004.
(2) It shall come into force at once.
- 2. Amendment of preamble of N.-W.F.P. Act No. XIV of 1991.**—In the Bank of Khyber Act, 1991 (N.-W.F.P. Act No. XIV of 1991), hereinafter referred to as 'the said Act', in the preamble,—

- (i) in clause (e), the word "and" shall be added at the end; and
- (ii) after clause (e), the following new clause shall be added, namely:

"(f) develop and promote Islamic modes of financing with a vision to convert itself into a full-fledged Islamic Bank;"

3. **Amendment of section 3 of N.-W.F.P. Act No. XIV of 1991.**—In the said Act, in section 3, after clause (g), the following new clause shall be inserted, namely:

"(gg) "Islamic Bank" or "Islamic banking" means a Bank conducting banking business in accordance with the teaching of Islam;"

4. **Amendment of section 11 of N.-W.F.P. Act No. XIV of 1991.**—In the said Act, in section 11, in sub-section (1), in clause (b), the semi-colon appearing at the end shall be replaced by a comma and thereafter the following shall be added, namely:

"and the term of other two Directors shall be three years; provided that their services may be terminated by Government before the expiry of the said term;"

5. **Amendment of section 19 of N.-W.F.P. Act No. XIV of 1991.**—In the said Act, the existing section 19 shall be renumbered as sub-section (1) of that section and in sub-section (1), as so re-numbered,—

- (i) after the words "the Bank would carry on and transact", appearing in the first sentence, the words and a comma "Islamic banking," shall be inserted;
- (ii) after clause (q), the following new clause (qq) shall be inserted, namely:

"(qq) to undertake Islamic banking either by opening of a new branch or by conversion of its existing branch or by establishment of a subsidiary for Islamic banking or by adoption of any other mode provided under the Companies Ordinance, 1984 (Ord. No. XLVII of 1984), in accordance with the policy of the State Bank of Pakistan for the time being applicable; and";
and

- (iii) after sub-section (1), as so re-numbered, the following new sub-section (2) shall be added, namely:

"(2) Non-payment of any dues payable to the Bank in the prescribed manner under this Act shall be recovered as arrears of land revenue under any law for the time being in force."

6. **Insertion of sections 19A and 19B to N.-W.F.P. Act No. XIV of 1991.**—In the said Act, after section 19, the following new sections 19A and 19B shall be inserted, namely:

"19A. **Shariah Supervisory Committee.**—(1) For the purpose of Islamic banking, there shall be constituted by the Board a Shariah Supervisory Committee, hereinafter referred to as "the Committee", comprising of eminent Ulema and Scholars, well versed in Shariah with particular reference to Islamic economics, banking and financing.

(2) The Board shall appoint one of the members of the Committee to be its Chairman.

(3) The number of members of the Committee, including the Chairman, shall not be more than seven and less than five.

(4) The term of appointment of the Chairman and the members of the Committee shall be for a period of five years, but they shall remain in office until their successors are appointed.

(5) The Chairman and the members shall be eligible for re-appointment.

(6) For a meeting of the Committee, four members, including the Chairman, shall constitute quorum.

(7) Any act or proceedings of the Committee shall not be invalid merely on the grounds of the existence of any vacancy in, or any defect in the constitution of, the Committee.

19B. Function of the Committee.—(1) The Committee constituted under section 19A shall perform the following functions:

- (i) guide and advise the Board on matters concerning the financial arrangements and transactions to be made or undertaken or proposed to be made or undertaken by the Bank or on behalf of the Bank, in so far it relates to the conduct of Islamic banking by the Bank, in order to ensure that such financial arrangements and transactions are not in conflict with the Injunctions of Islam as laid down in the Holy Quran and Sunnah;
- (ii) guide and advise the Bank on process of the conversion of the Bank and its operations from conventional banking modes and practices to Islamic banking modes;
- (iii) submit at least a quarterly report on the operations of the Bank to the extent of its Islamic banking that it had remained in conformity with the injunctions of Islam and served Islam's socio-economic objectives and values;
- (iv) design, develop and approve instruments and products to facilitate the dealings and operations of the Bank in accordance with the Injunctions of Islam;
- (v) suggest and recommend the smooth switch-over of the existing branches of the Bank to Islamic modes and opening of new branches in line with the State Bank's policy of Islamic Banking;
- (vi) organize and oversee such training and orientation programmes, seminars and workshops for personnel of the Bank as may be needed for the purpose of Islamization and improvement of the operations and the performance of the Bank;
- (vii) lay down its own rules of business;
- (viii) form sub-committees for its assistance; and

(ix) perform such other functions as may be assigned to it by the Board.

(2) The decisions of Shariah Supervisory Committee so far it relates to the determination of the rules and principles of Shariah relevant to the operation, modes of financing and transactions of the Bank, shall be final and binding.”

**BY ORDER OF MR. SPEAKER
PROVINCIAL ASSEMBLY OF
NORTH-WEST FRONTIER PROVINCE.**

**NAZIR AHMAD
Secretary,
Provincial Assembly of N.-W.F.P.**

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