

UNOFFICIAL TRANSLATION

**Central Bank of the Islamic Republic of Iran (CBI)**  
**General Management, Banking Regulations, Licensing & Anti-Money Laundering**  
**Department of Banking Studies & Regulations**

# **Guideline for opening or closing a domestic branch or counter by credit institutions**

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In order to implement clause “F” of article 30 of the Monetary and Banking Law ratified in July 1972 and in line with standardization of the processes of opening or closing branches and counters, the following guideline named as “Guideline for opening or closing a domestic branch or counter by credit institutions” is introduced.

### **Article 1: Definitions**

The following definitions are presented exclusively for the purpose of this guideline.

- 1-1- Guideline: Guideline for opening or closing a domestic branch or counter by credit institutions
- 1-2- Central Bank: the Central Bank of the Islamic Republic of Iran (CBI)
- 1-3- Credit institution: Bank or non-bank credit institution which is established by law and licensed and regulated by CBI.
- 1-4- Branch: An operational unit of a credit institution which is created in the framework of this guideline. It can implement whole or part of permitted banking operations as approved by the board of directors of the credit institution.
- 1-5- Counter: A part of branch which is established in a place other than the branch (but inside the same province) in a fixed or mobile position. As recognized by the credit institution and proportionate with the volume of activities and services required by the customers, a counter may perform those branch operations which do not require credit assessment of the customers and do not impose any obligations on the branch.
- 1-6- Transfer: Moving the location of branch or counter in its geographical boundary
- 1-7- Transformation: promotion of a counter to a branch or demotion a branch into a counter
- 1-8- Closing: Ending the operations of a branch or counter
- 1-9- Special Id code: a combination of numbers and letters defined by the CBI for individual branches or counters of the credit institution

### **Article 2:**

The credit institution is required to hold separate accounts for each branch so that the total balance for each branch (which is prepared according to the abstract of the general ledger) demonstrates its assets and liabilities while the details of accounts are presentable at any time.

### **Article 3:**

The credit institution is required to reflect the details of operations performed in the counter in its accounts in less than 24 hours after their occurrence.

Establishment of a branch or counter and transformation of a branch into a counter is permissible upon observation of allowed limit of “net ratio of the fixed assets to the rights of shareholders after the deduction of accrued and unrealized profits” which equals 30%.

### **Article 5:**

Opening a branch or a counter by the credit institution is subject to obtaining a special Id code from the CBI.

### **Article 6:**

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Issuance of the special Id code for branches and counters of a credit institution is absolutely forbidden unless it observes the allowed limit mentioned in article 4.

### **Article 7:**

In order to receive the special Id code, the credit institution is required to provide the CBI with the information related to opening or transforming of its branches or counters as mentioned in the forms introduced by the CBI. Such forms should be approved by the board of directors and signed by the CEO.

Note: The value of the fixed assets mentioned in the application form of the credit institution to open a branch or counter and/ or to transform a counter into a branch should be included in the calculation of the allowed limit in article 4.

### **Article 8:**

It is necessary that the police officials approve the location of the branch or counter on security grounds.

### **Article 9:**

The special Id code is valid for one month after the issuance and will be void unless the related branch or counter commences its operations.

### **Article 10:**

Three months before closing or moving of its branches or counters, the credit institution is required to provide the CBI with related information which is approved by the board of directors, presented in the forms introduced by the CBI, and signed by its CEO so as to change or remove the Id code.

### **Article 11:**

In case a branch is closed all accounts and their documents should be transferred to the nearest branch while observing the issues such as domestic or foreign currencies as well as the operation level of the branch.

### **Article 12:**

Two months before transfer or closing of its branches or counters, the credit institution is required to publicly announce its decision via national and local newspapers, websites, and notices in the branch or counter.

Note: The above-mentioned announcement should include the information needed by depositors and customers of the branch or counter, the minimum of which incorporates the address and telephone number of old and new locations so that the customers and depositors feel convenient in their future visits.

### **Article 13:**

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Having realized any case of breach by the credit institution of the terms of this guideline and upon the approval of the governor, the supervision deputy of the CBI may revoke the special Id code and close the branch or counter of the credit institution.

Note: In case the branch or counter is closed by the CBI, the credit institution is required to report the process to CBI in one month while observing the articles 11 and 12 of this guideline.

### **Article 14:**

In three months after this guideline is approved, the CBI is required to ratify its executive ordinance.

### **Article 15:**

Violations of this guideline will lead to both punitive measures mentioned in article 13 and, if required, disciplinary punishments specified in article 44 of the Monetary and Banking Law ratified in July 1972.

*The “Guideline for opening or closing a domestic branch or counter by credit institutions” includes 15 articles and 3 notes. It was ratified in the 1144<sup>th</sup> meeting of Money and Credit Council held in 2012 and will replace the guideline for opening or closing domestic bank units ratified in its 306<sup>th</sup> meeting from 20 March 2014 onward.*