



المؤسسة الفلسطينية لضمان الودائع  
PALESTINE DEPOSIT INSURANCE CORPORATION

State of Palestine

**Decree-Law No. (7) of 2013  
On the Palestine Deposit Insurance  
Corporation**

**Chapter One  
Definitions and Scope of Application**

**Article 1: Definitions**

In the application of the provisions of this Law, the following terms and expressions shall have the meanings indicated below wherever they occur, unless the context otherwise requires:

<b>Palestine:</b>	The State of Palestine.
<b>Monetary Authority (PMA):</b>	The Palestine Monetary Authority.
<b>Governor:</b>	The Governor of the PMA.
<b>Deputy Governor:</b>	The Deputy Governor of the PMA.
<b>PDIC:</b>	The Palestine Deposit Insurance Corporation.
<b>Board:</b>	The Board of Directors of the PDIC.
<b>Chairman of the Board:</b>	The Chairman of the Board of Directors of the PDIC.
<b>Director-General:</b>	The Director-General of the PDIC.
<b>Deposit:</b>	As defined in the Banking Law currently in force.
<b>Compensation:</b>	The funds paid by the PDIC to depositors upon liquidation of a member, within the limits of the ceiling established by the Board.



<b>Bank:</b>	As defined in the Banking Law currently in force.
<b>Islamic bank:</b>	As defined in the Banking Law currently in force.
<b>Member:</b>	A member of the deposit insurance system, including [traditional] banks and Islamic banks licensed by the PMA to accept deposits in Palestine.
<b>Person related to the PDIC:</b>	A natural or legal person linked to the PDIC through any of the following relationships: <ol style="list-style-type: none"> <li>A member of the Board or executive officer of the PDIC.</li> <li>An advisor to the PDIC.</li> <li>A relative up to the second degree of the persons described in paragraphs (a) and (b) above.</li> </ol>
<b>Executive officers:</b>	The Director-General, his deputies and assistants, directors of departments or divisions, their deputies and assistants, and other similar persons.
<b>Fund:</b>	The fund for members' contributions.

## **Article 2: Scope of Application of the Law**

The provisions of this Law shall apply to all members in Palestine.

## **Chapter Two Foundation, Objectives, and Authorities of the PDIC**

### **Article 3: Foundation**

1. A corporation shall be established in accordance with the provisions of this Law called the Palestine Deposit Insurance Corporation, whose main headquarters shall be in the city of Jerusalem. It may temporarily establish headquarters in another location in Palestine and may open branches as decided by the Board.
2. The PDIC shall have the benefit of a legal entity status with legal capacity as well as financial and administrative independence.

### **Article 4: Objectives**

In accordance with the provisions of this Law, the PDIC shall have the following objectives:

1. Protecting the rights of its member's depositors, in accordance with the ceiling for compensation established in Article 21 of this Law.
2. To enhance customers' confidence in the banking system, contribute to maintain its stability, and raise public awareness of the deposit insurance system.



## Article 5: Powers of the PDIC

1. The PDIC shall have all the powers required to achieve its objectives, including the following:
  - a. Regulation and administration of the deposit insurance system in accordance with the principles of this Law.
  - b. Issuance of the necessary instructions to members to ensure that they comply with the provisions of this Law.
  - c. Conclusion of contracts and acquisition of movable and non-movable assets.
  - d. Payment [compensation] to depositors in accordance with the procedures stipulated in this Law, after the PMA publishes the liquidation decision in the official gazette.
  - e. Borrowing funds in order to compensate depositors, in case its financial resources are insufficient.
  - f. Implementation of all the necessary procedures to liquidate a member in accordance with the provisions of this Law.
  - g. Obtaining the necessary data from the PMA to carry out its tasks.
  - h. Exchange of information and data with competent authorities inside and outside Palestine, using mechanisms which guarantee that the information remains confidential.
  - i. Reporting to the PMA on members who fail to comply with the provisions of this Law.
  - j. Taking all the necessary legal measures against the persons responsible for the bankruptcy of a member who is declared bankrupt.
2. In accordance with the provisions of this Law, the PDIC may not grant traditional or Islamic loans or facilities, with the exception of loans granted to its employees in accordance with a system approved by the Board.



### **Chapter Three**

#### **Board of Directors**

#### **Article 6: Board of Directors**

1. The Board of Directors shall be responsible for managing and supervising the PDIC, and shall be composed of seven members, as indicated below:
  - a. The Governor, as Chairman, or, in his absence, the Deputy Governor.
  - b. A representative of the Ministry of Finance, appointed by the Minister of Finance from amongst high-ranking staff with relevant expertise.
  - c. The Companies Controller in the Ministry of National Economy.
  - d. Four independent members appointed by a Presidential decree upon the recommendation of the Board Chairman for a period of three years, renewable once only.
2. The independent members must meet the following requirements:
  - a. They must be persons of integrity with good reputation, skills, and extensive experience in the financial, economic, and legal fields.
  - b. They must not hold any other government position, whether paid or unpaid.
  - c. They must not hold any position with any member or with the Association of Banks in Palestine.
  - d. They must have the capacity to contribute to achieving PDIC's objectives and carrying out its tasks.
  - e. They must not have been declared bankrupt or failed to pay their debts.
  - f. They must not have been convicted by a court of a crime involving dishonor, breach of faith, or moral turpitude, unless their status is restored.
3. If any of the independent members resigns or loses membership in the Board, the position shall be filled by the same method described in paragraph 1(d) of this Article, and the new member shall serve the remaining term of the outgoing member.
4. Members of the Board may not own any shares of any member.
5. Members of the Board may not be employed by any member or the Association of Banks in Palestine until at least one year following the termination of membership of the Board.



6. The Chairman of the Board may request the Minister of Finance to replace the representative of the Ministry of Finance, if he fails to attend three consecutive meetings without providing reasonable excuse.
7. Subject to the provisions of paragraph 1(a, b, c) of this Article, a member of the Board shall lose his membership in the following cases:
  - a. If he holds any government post.
  - b. If he becomes ineligible for membership in accordance with the provisions of this Law.
  - c. If he is convicted of a crime involving dishonor, breach of faith, or moral turpitude by order of a competent court.
  - d. If he declares bankruptcy or fails to pay his debts.
  - e. If he becomes disabled and unable to carry out his duties and responsibilities, based on a report from an authorized and competent medical committee.
  - f. If he abuses his powers and causes considerable harms to the PDIC, if so determined by the Board.
  - g. If he fails to attend three consecutive meetings without providing reasonable excuse.

#### **Article 7: Duties and Authorities of the Board**

1. The Board shall have the following duties and responsibilities:
  - a. Development of the policies and strategies necessary to achieve the PDIC's objectives.
  - b. Approval of the organizational structure and job descriptions; appointment of the executive officers, determination of their compensation and benefits, and termination of their services.
  - c. Approval of the internal regulations, instructions, guidelines, and procedures pertaining to the work of the Board and the PDIC.
  - d. Approval of the PDIC's annual budget and the methods for executing it.
  - e. Approval of the policies and plans for investing the PDIC's funds in accordance with the provisions of this Law.
  - f. Approval and adoption of the necessary instructions for implementing the provisions of this Law.
  - g. Determination and approval of the annual membership subscription rate.
  - h. Determination and approval of the ceilings for compensation to members' depositors in accordance with the instructions issued for this purpose.
  - i. Approval of the imposition of fines on members who commit offenses, in accordance with the provisions of Article 29 of this Law.



- j. Approval of borrowing in accordance with the provisions of this Law.
  - k. Approval of the appointment of external consultants.
  - l. Appointment and determination of the compensation of an external auditor to audit the PDIC's financial statements.
  - m. Approval of the PDIC's annual statements and final accounts.
  - n. Approval of the policy on disclosure and transparency for publishing data and reports on the PDIC, its tasks and achievements.
  - o. Approval of procedures for compensating depositors and monitoring their implementation in accordance with the provisions of this Law.
  - p. Approval of the manual of procedures for liquidating members and monitoring their implementation in accordance with the provisions of this Law.
  - q. Submission of an annual report on the PDIC's accomplishments to the President of Palestine.
2. The Board may, when necessary and in the best interest of its work, delegate some of its authorities to a subcommittee comprising some of its members.
  3. From its members, the Board shall establish the following as a minimum: an Internal Audit Committee, a Governance Committee, a Risk Management Committee, and an Assets and Liabilities Management Committee, to help it carry out its tasks and responsibilities, and it shall determine their duties, responsibilities, and authorities.
  4. The Board may seek assistance from experts, consultants, and the PDIC's staff when establishing these committees and it may establish any other committees it deems necessary to help it carry out its duties. It shall remain responsible for the activities and decisions of all the committees it establishes.

### **Article 8: Board Meetings**

- 1- The Board shall meet upon the invitation of the Chairman or one-third of its members, at least once every two months or whenever the need arises. In order to constitute a quorum, at least two-thirds of the members must be present, including the Chairman or the Deputy Governor in his absence. The Board's decisions shall be issued by a majority vote of the members present. In the case of a tie vote, the side for which the Chairman votes shall prevail.



- 2- The Board may invite specialized experts from outside the PDIC as it sees fit to participate in its meetings and provide their opinions. The expert shall not be entitled to vote. His compensation shall be determined by the Board.
- 3- The meetings of the Board shall be confidential, and the Chairman, or whomever he delegates in writing, shall have the sole right to release the decisions taken in order to enhance the protections of depositors' funds and increase confidence in the banking system.

#### **Article 9: Bonuses for Members of the Board**

The members of the Board shall receive an annual bonus based on the number of meetings, by decree of the President of Palestine upon the recommendation of the Board Chairman. Bonuses shall not be paid as a percentage of the PDIC's profits.

### **Chapter Four Managing Director of the PDIC**

#### **Article 10: Appointment and Termination of Appointment of the Managing Director**

1. The Managing Director shall be appointed by the Board for a period of four years, renewable once only, in accordance with the terms of the contract. The appointment shall take into account competition, aptitude, extensive experience, integrity, and ability to manage and supervise the PDIC's activities in accordance with the standards of competence determined by the Board.
2. The appointment decision shall determine the financial remuneration and benefits of the Managing Director, as well as the other terms of the appointment contract.
3. The services of the Managing Director shall be terminated by the Board in the following cases:
  - a. If he is convicted of a crime or misdemeanor involving dishonor or breach of faith by a competent court.
  - b. If he becomes physically or mentally handicapped and unable to carry out his duties and responsibilities, in accordance with the report by an authorized medical committee.
  - c. If he abuses his authorities or causes considerable damage to the PDIC, in the opinion of the Board.



- d. If he declares bankruptcy or fails to pay his debts.
- e. If he fails to comply with the terms of the appointment contract.

### **Article 11: Duties and Authorities of the Managing Director**

1. The Managing Director shall have the following duties and authorities:
  - a. Implementation of the policies, strategies, and plans approved by the Board.
  - b. Implementation of the Board's instructions, decisions, and directives to ensure that the PDIC's objectives are met.
  - c. Supervision of the PDIC's executive body and monitoring of the effective implementation of day-to-day activities.
2. The Board may invite the PDIC's Managing Director to attend its meetings, without being entitled to vote. He shall be responsible to the Board in carrying out his duties in accordance with the provisions of this law.

## **Chapter Five Deposit Insurance System**

### **Article 12: Establishing the Deposit Insurance System**

In accordance with the provisions of this Law, a system shall be established called the Deposit Insurance System, the purpose of which is to insure the deposits of members' depositors in Palestine, within the determined ceilings and in-line with the compensation procedures approved by the Board according to the provisions of this Law.

### **Article 13: Members of the Deposit Insurance System**

1. All banks operating in Palestine must join the Deposit Insurance System. Membership shall commence from the date on which banks obtain their official license from the PMA or, in the case of banks licensed before the PDIC was established, immediately after this Law is issued.
2. The PDIC shall publish, on a regular or ad-hoc basis, a list of the members of the Deposit Insurance System. Every member shall inform its customers of the membership, in accordance with the disclosure and publicity policies approved by the Board.





3. Membership of the Deposit Insurance System shall be terminated when the PMA announces in the official gazette that the member is being liquidated or has agreed to merge with another entity. The PDIC shall be responsible for compensating the depositors with the member being liquidated.

## **Chapter Six**

### **Equity of the Deposit Insurance System, Sources of Its Financing, and Managing Its Funds**

#### **Article 14: Equity of the Deposit Insurance System**

The equity of the Deposit Insurance System shall consist of the following:

1. The government's share amounting to \$20,000,000 or its equivalent, which shall be paid within 30 days of the effective date of this Law.
2. A non-refundable initiation fee of \$100,000 or its equivalent, paid by the member within 15 days of the date in which it becomes a member of the Deposit Insurance System.
3. The reserves established by the PDIC in accordance with the provisions of Article 20 of this Law.

#### **Article 15: Sources of Financing the Deposit Insurance System**

The sources of financing the Deposit Insurance System are as follows:

1. Annual membership fees paid by PDIC members on a quarterly basis, in accordance with the instructions issued for this purpose.
2. Returns on investments of the Deposit Insurance System's funds.
3. Loans obtained by the PDIC in accordance with the provisions of Article 5 of this Law.
4. Grants provided to the PDIC by any entity approved by the Board.



### **Article 16: Annual Membership Fees**

1. A member of the Deposit Insurance System must pay quarterly membership fees in accordance with the instructions issued by the Board for this purpose.
2. In accordance with the provisions of the Law, the membership fees shall be at a rate ranging from 0.3 percent to a maximum of 0.8 percent of the total deposits covered by guarantee.
3. The Board may establish a rate for membership fees commensurate with the degree of risk of each member, based on standards agreed upon with the PMA and in accordance with instructions issued for this purpose.
4. The Board may review and adjust the annual membership rates and establish a mechanism for calculating them according to instructions issued for this purpose.

### **Article 17: Establishment and Management of Funds for Membership Fees**

1. The PDIC shall establish a fund for traditional banks which shall be financed through the following sources:
  - a. Annual membership fees of banks.
  - b. Earnings on investment of the fund.
  - c. Net equity returns after liquidating a bank and paying all its obligations, in accordance with the provisions of Article 39 of this Law.
  - d. Any other sources or grants approved by the Board.
2. The PDIC shall establish a fund for Islamic banks which shall be financed through the following sources:
  - a. Annual membership fees of banks.
  - b. Earnings in investment of the fund in accordance with Islamic law.
  - c. Subject to the provisions of Article 39 of this Law, net equity returns (return on equity) after liquidating an Islamic bank and paying all its obligations.
  - d. Any other sources or grants approved by the Board, provided that they comply with the provisions of Islamic law.
3. The debit balances for these funds shall consist mainly of compensations, investments, and amounts paid in liquidation procedures, taking into account the nature of the transactions recorded in each case.



### **Article 18: Investment of the Deposit Insurance System's Resources**

1. The PDIC shall invest these two funds described in Article 17 of this Law in accordance with the investment strategy approved by the Board.
2. The traditional funds shall be invested in bonds and *sokuk* issued or guaranteed by official government agencies with high credit ratings or in any other placements, provided that their risk levels are within acceptable limits, according to the standards established by the Board.
3. The Islamic funds shall be invested in *sokuk* and other Islamic instruments issued or guaranteed by official government agencies and other methods of Islamic financing, provided that their risk levels are acceptable according to the standards established by the Board.

### **Article 19: Internal and External Audit**

1. The PDIC shall establish an internal audit function within its organizational structure, the responsibility, authority and accountability of which shall be determined by the Board.
2. The Board shall appoint an external auditor on an annual basis to audit its financial statements in accordance with the board-approved standards.

### **Article 20: Reserves of the Deposit Insurance System**

1. The PDIC shall establish reserves to be used for achieving its objectives, amounting to no less than 3 percent of the total deposits subject to the provisions of this Law.
2. The Board may determine the maximum period for reaching the percentage stipulated in paragraph 1 of this Article, and it may adjust this percentage based on its estimates and the degree of risk associated with the member's deposits.



## **Chapter Seven Compensation for Depositors**

### **Article 21: Determining the Ceiling for Compensation**

1. The Board shall determine the ceiling and deadlines for compensation and the payment methods, in accordance with the instructions issued for this purpose.
2. The PDIC shall compensate member's depositors in accordance with the established ceiling, after the liquidation order issued by the PMA has been published in the official gazette.
3. The ceiling for compensation shall be calculated for each depositor based on the total deposits with the member, including interest and earnings due up to the date on which the liquidation order for the member is published in the official gazette.

### **Article 22: Replacement of Depositors by the PDIC**

The PDIC shall take the place of the compensated depositors, and these amounts shall be debts owed to it by the member that was liquidated

### **Article 23: Deposits Covered by the Guarantee**

Subject to the provisions of Article 24 of this Law, guaranteed deposits in Palestine include all types of deposits in all currencies with members, in accordance with the instructions issued for this purpose.

### **Article 24: Deposits Not Covered by Guarantee**

1. In accordance with the provisions of this Law, the following deposits are not covered by guarantee:
  - a. Deposits of the government and its agencies.
  - b. Deposits of the PMA.
  - c. Deposits between members and other financial institutions.
  - d. Cash guarantees within the limits of the amount of guaranteed facilities.
  - e. Deposits of related persons, in accordance with the provisions of the Banking Law currently in force.



- f. Deposits of the auditor of a member and/or members of its Sharia Supervisory Board.
- g. Restricted investment deposits, as determined by the Board.
2. The Board shall issue instructions defining the government agencies and establishments mentioned in paragraph 1(a) above and the other institutions mentioned in paragraph 1(c) of this Article.

## **Chapter Eight**

### **Collection and Exchange of Information**

#### **Article 25: Cooperation and Information Exchange**

1. The PDIC shall do the following:
  - a. Conclude agreements with the PMA for the exchange of information and data on a regular basis in accordance with specific mechanisms ensuring that the PDIC obtains all the information necessary to achieve its objectives.
  - b. Coordinate with the PMA with respect to procedures for liquidating a member.
2. The PDIC may do the following:
  - a. Conclude agreements with its counterparts outside of Palestine for the exchange of information and coordination of procedures, to the extent that they serve mutual interest.
  - b. Become a member of international deposit insurance organizations.
  - c. Request the PMA to record and pay any amounts owed to it by members, by deducting them from their accounts with the PMA and transferring them to the PDIC's accounts, in accordance with the mechanism established for this purpose by the PMA and the PDIC.
3. The PMA, as it deems fit, shall provide the PDIC with information and financial data concerning the situation of any member whose level of risk becomes unacceptable.



### **Article 26: Collection of Data and Information**

All members shall provide the PDIC with any information or data concerning deposits and depositors, in accordance with the instructions issued for this purpose.

### **Article 27: Preparation and Publication of Financial Data and Information**

1. The PDIC shall maintain records and accounts duly kept in accordance with the standards established by the Board.
2. The fiscal year of the PDIC shall begin on January 1 and end on December 31 of the same year, and the PDIC shall publish its financial data and annual report within a period of three months following the end of the fiscal year, subsequent to its approval by the Board.
3. The PDIC shall publish sufficient information on the deposit insurance system, in accordance with the mechanism established by the Board for this purpose.
4. The first fiscal year of the PDIC shall begin on the effective date of this Law and shall end at the end of the same calendar year, unless the Board decides to include this period in the following fiscal year.
5. The Chairman of the Board shall submit the annual report to the President of Palestine within a period of three months from the end of the fiscal year.

### **Article 28: Confidentiality of Information**

All members of the Board and its subcommittees, all employees of the PDIC and persons linked to it shall maintain complete confidentiality with respect to the PDIC and its activities, and the data and information at their disposal, and, under penal prosecution, may disclose it only in accordance with the provisions of the law.

### **Article 29: Penalties**

- 1- Anyone who fails to comply with the provisions of Articles 14, 16 and 26 of this Law shall be subject to a fine of \$500 or its equivalent for each day of delay.



- 2- Without prejudice to the provisions of paragraph 1 of this article, anyone who fails to comply with the provisions of this Law shall be subject to a fine of not less than \$10,000 and not more than \$100,000 or its equivalent.

## **Chapter Nine Liquidation**

### **Article 30: Liquidation of a Member**

1. In accordance with the provisions of the Banking Law, the PDIC shall be the sole liquidator of any member in liquidation.
2. The PDIC shall monitor the liquidation procedures for any member that the PMA decided to liquidate before the issuance of this Law, without assuming any financial obligations.

### **Article 31: Objectives of Liquidation**

The PDIC shall comply with the following when undertaking the liquidation of any member:

1. Compensate every depositor for his insured deposits in accordance with the provisions of this Law.
2. Liquidate the member in a manner that ensures obtaining the best results for all creditors and the PDIC. The PDIC shall carry out all liquidation procedures in coordination with the PMA.

### **Article 32: Notification of Depositors**

1. In accordance with the provisions of Article 30(2), the PDIC must notify depositors that they should submit their compensation claims to the PDIC, based on the member's records and within the limits of the compensation ceiling.
2. The PDIC shall pay the compensation to the depositors with a period of one month from the date on which the claim was submitted. The PDIC may extend this deadline under certain circumstances, subject to coordination with the PMA.
3. Depositors who fail to submit a claim shall be contacted at their filed addresses with the member in liquidation and instructed to contact the PDIC in order to follow up on the payment of their compensation within the limits of the compensation ceiling.



4. Amounts of compensation within the ceiling that have not been claimed by depositors shall be placed in a special trust account with the PMA after a period of time to be specified by the Board.

### **Article 33: Liquidation Committee**

1. The PDIC shall establish a Liquidation Committee to supervise all legal, financial, and accounting procedures in accordance with the rules and regulations established by the Board.
2. The Liquidation Committee shall consist of five members, as indicated below:
  - a. The managing director, as Chairman.
  - b. A representative of the Companies Controller in the Ministry of National Economy.
  - c. A representative of the Supervision and Inspection Department of the PMA.
  - d. Two outside consultants selected by the Board on the basis of their experience and competence in the fields of accounting, auditing, and law.
3. The Board shall determine the committee member compensation and payment method, in accordance with the instructions issued for this purpose.

### **Article 34: Duties of the Committee**

1. The committee shall carry out its duties in accordance with the liquidation manual prepared by the PDIC. It shall review all the options available for achieving its objectives, including valuation of the assets in consultation with the Board, in order to select and apply the optimal price.
2. The committee shall prepare monthly reports for submission to the Board and the PMA to inform them of the results of the liquidation procedures and any impediments to its work.
3. The committee shall monitor the procedures for selling the movable or immovable assets of the member in liquidation or any portion thereof, and shall carry out any other procedures required for the liquidation.





### **Article 35: Results of Publishing the Liquidation Notice**

In accordance with the provisions of paragraphs 7 and 8 of this article, the following shall result from the PMA's publishing of the liquidation notice in official gazette:

1. The board of directors of the member in liquidation, in addition to its managing director, general assembly of shareholders, and various committees, shall relinquish management and control of the member's funds from the date on which the liquidation notice is published, and all authorities shall be transferred to the PDIC.
2. Any authorization or authority to sign granted to the member in liquidation or to any of its employees under any power of attorney issued by it shall be suspended, and the PDIC shall take over these authorities.
3. The calculation of any interest or earnings on deposits with the member and its debts shall be suspended, unless these debts are guaranteed by a pledge or guarantee.
4. The calculation of any period of time that would disallow a lawsuit to be filed with respect to any rights or claims on behalf of the member shall be suspended for a period of one year, beginning on the publication date of the liquidation notice.
5. Any appeals submitted against the liquidation procedures shall be suspended and the PDIC's decisions in this respect shall be in effect. The appellant's rights shall be limited to requesting the court to grant compensation in accordance with the provisions of this Law.
6. The PDIC shall carry out the liquidation procedures without obtaining the advance approval of the member's shareholders and creditors.
7. Except for anything the PDIC may authorize him in writing to do, the managing director or similar official of the member may not, either directly or indirectly, engage in any activity related to the member in liquidation.
8. The PDIC shall take all the necessary measures and procedures in accordance with the provisions of this Law to complete the liquidation, including the following:
  - a. The PDIC shall manage the activities of the member in liquidation within the limits required by the liquidation procedures. To this end, the PDIC may decide to allow the member to continue carrying on some of its activities.



- b. Exceptionally to the provisions of any other law, the PDIC shall recover any funds that were obtained in bad faith by the management of the member in liquidation on behalf of the concerned parties or that adversely affected its financial position, within one year of the publication date of the liquidation notice.
- c. The PDIC shall cancel a contracts or commitments involving a financial obligation on the member within one year of the publication date of the liquidation notice.
- d. The PDIC shall take any other actions determined by the Board in its instructions after coordinating with the PMA.

#### **Article 36: Annulment of Pledges and Guarantees**

1. All pledges and guarantees signed for any assets or rights pertaining to a member during the period of one year prior to the publication date of its liquidation notice in the official gazette, unless otherwise approved by the PMA, shall be cancelled. This period shall be two years if the pledges or guarantees are in favor of a subsidiary or affiliate company of the member or a party related to the member. Any party incurring losses shall have recourse to the courts.
2. Any order to seize any assets or rights of a member before the publication of its liquidation notice in the official gazette shall be invalid, unless the order was issued at the request of a creditor delivering a pledge and it is related to the pledged property.

#### **Article 37: Recovery of Debts**

1. Without prejudice to the provisions of Article 34(3), the PDIC may issue a notice to the member's defaulting debtors in order to recover their debts. Such notices shall serve as implementation documents in accordance with the Law of Implementation. The PDIC may also submit a request to the court to place a precautionary seizure on the assets of the member's defaulting debtors or to take any other precautionary or urgent measures against them, while exempting the PDIC from the requirement to include a guarantee with this request. The PDIC may reach a settlement with a defaulting debtor or implement the notice against it, in accordance with the provisions of this Law.
2. In carrying out the process of recovering debts, the instructions issued by the Board for this purpose shall be observed.



### **Article 38: Contents of Safes and Trusts**

The following shall not be included in the assets subject to liquidation:

1. The contents of safes leased to other parties and held by a bank in liquidation, which shall be returned to their owners provided that they have paid to the member the fees due for using the safes.
2. Bonds and securities deposited with a member in liquidation, which is considered their trustee, guardian or custodian, or similar items, which shall be returned to their owners provided that they have paid all their obligations owed to the member.
3. Guarantees submitted by a customer to secure contracts, tenders, or facilities.

## **Chapter Ten**

### **Priority of Distribution of Claims**

#### **Article 39: Priority of Distribution**

1. Exceptionally to the provisions of any other law, the claims and obligations against a member in liquidation shall be paid as indicated below:
  - a. Legal claims of employees of the member in liquidation.
  - b. Claims of the PDIC resulting from payment of the insured deposits covered by this Law and all expenses directly incurred by the PDIC in the course of carrying out the liquidation procedures.
  - c. Claims of insured depositors above the limits of the compensation ceiling and claims on uninsured depositors in accordance with Article 24 of this Law.
  - d. Preferred creditors.
  - e. Other creditors.
  - f. Claims of shareholders.
2. The provisions concerning priority of distribution for Islamic banks shall be observed and shall be determined by the Board in accordance with instructions issued for this purpose.



## **Chapter Eleven General Provisions**

### **Article 40: Protection of PDIC's Assets and Employees**

Without prejudice to the laws currently in force, the following shall not be permitted:

1. Seizure of funds and assets of the Deposit Insurance System and the PDIC.
2. Exposure of PDIC's employees to risks for carrying out their assigned duties, as they enjoy the necessary legal protection within the framework of carrying out their duties.
3. The PDIC may take the measures it deems necessary to protect its employees from any procedures that could expose them to risks within the framework of carrying out their duties.

### **Article 41: Issuing Instructions**

The Board shall issue the necessary instructions to implement the provisions of this Law.

### **Article 42: Revocation of Conflicting Legislation**

Any legal provision of any other legislation in force in Palestine that conflicts with the provisions of this Law is hereby revoked.

### **Article 43: Submission to the Legislative Council**

This Law shall be submitted to the Legislative Council for approval in its next session.

### **Article 44: Effective Date and Implementation**

All concerned entities shall implement the provisions of this Decree-law in accordance with their authorities. This Law enters into force 30 days following the date of its publication in the official gazette.