



**NOTICE ISSUED PURSUANT TO
SECTION 66(1) OF THE ISLAMIC BANKING ORDER, 2008**

**NOTICE NO. 1/2014
POWER OF AUTHORITY TO COMPOUND**

1. This Notice is issued pursuant to Section 66(1) of the Islamic Banking Order, 2008 and applies to all Islamic banks in Brunei Darussalam.
2. This notice shall come into effect on 1st July 2014.
3. For the purposes of this Notice, "Islamic bank" means an Islamic bank in Brunei Darussalam, as defined in section 2 of the Islamic Banking Order, 2008.
4. Section 112 of the Islamic Banking Order, 2008 provides that the Authority may, without instituting proceedings against any Islamic bank for any offence under the Islamic Banking Order, 2008, or any regulations made thereunder, which is punishable only by a fine, demand and receive the amount of the fine or penalty or such reduced amount of the fine prescribed for that offence.
5. This mechanism allows the Authority to address failures by banks to comply with its regulations on mandatory prudential requirements, other aspects of Islamic banking business, established Islamic banking practice, as well as market conduct. The purpose of such measures is to ensure a high standard of compliance by all Islamic banks, thus reducing risks to the financial system and to depositors and in the interests of ensuring a level playing field in the banking industry.
6. This Notice serves to inform all licensed Islamic banks of the coming into effect of a framework of compounding fines and penalties that will be imposed on Islamic banks in the event of non-compliance with, or failure to meet any requirements that have been, or are currently in force, in relation to their operations and the conduct of their business.



7. Any sums payable under this Notice shall be paid to the Authority within 14 days from the date of such demand in accordance with Section 112(2)(a) of the Islamic Banking Order, 2008.
8. If an Islamic bank fails to pay the amount as demanded by the Authority within 14 days from the date of such demand, the Authority will not hesitate to cause proceedings to be instituted against that Islamic bank in relation to the offence.

FOR MANAGING DIRECTOR
AUTORITI MONETARI BRUNEI DARUSSALAM

Date: 21 Sya'ban 1435 / 19 June 2014