

# **CENTRAL BANK OF JORDAN, LAW No. 23 OF THE YEAR 1971, AMENDED AS OF 1992.**

For detailed reference to regulations on central bank employees refer to Law No. 62 of 2001 on *"Jordanian Central Bank Employees Law of 2001 issued in accordance with Article 120 of the Constitution"*

## **PART I – GENERAL PROVISIONS**

### **Article 1**

This law shall be cited as “The Central Bank of Jordan Law of 1971” and shall come into force as from the date of its publication in the Official Gazette.

### **Article 2**

In this law, unless the context requires otherwise, the following expressions shall have the meanings hereby assigned to them:

**KINGDOM** - Means the Hashemite Kingdom of Jordan.

**GOVERNMENT** - Means the Government of the Hashemite Kingdom of Jordan.

**CENTRAL BANK** - Means the Central Bank of Jordan established under the Central Bank of Jordan Law of 1959 and the amendments thereto.

**BOARD** - Means the Board of Directors to the Central Bank of Jordan.

**GOVERNOR** - Means the Governor of the Central Bank of Jordan.

**DEPUTY GOVERNOR** - Means the Deputy Governor of the Central Bank of Jordan.

**MEMBER** - Means any member of the Board other than the Governor and the Deputy Governor.

**LICENSED BANK** - Means any bank licensed to carry on banking issues business in the Kingdom under the provisions of the Banking Law.

**PUBLIC ENTITY** - Means any autonomous public authority in the Kingdom, or any institution designated as a public entity for the purposes of this law by the Council of Ministers, after consultation with the Governor.

**SPECIALIZED CREDIT INSTITUTION** - Means any institution or body established in the Kingdom with the primary objective of extending credit for special purposes, and designated by the Council of Ministers as a specialized credit institution for the purposes of this law, after consultation with the Governor.

**GOVERNMENT SECURITIES** - Means registered bonds, bearer bonds and treasury bills issued under the Public Debt Law in force in the Kingdom.

**DOMESTIC REVENUES** - Means taxes, duties, commissions, fines, rents, interests, profits, income from any investment, and any other revenues accruing to the Government Treasury excluding external and internal loans and grants, and any form of external financial and economic aid.

**FOREIGN EXCHANGE** - Means any currency, claim, balance or credit in any currency other than the Jordanian currency.

**CONVERTIBLE CURRENCY** - Means any currency which is exchangeable in international exchange markets and freely transferable at exchange rates which are consistent with the IMF's Articles of Agreement.

### **Article 3**

- (a) The Central Bank shall be an autonomous corporate body and shall continue to exist as a public entity and shall carry out all its functions in accordance with the provisions of this Law;
- (b) The Central Bank may acquire, hold and dispose of property, conclude contracts, sue and be sued in its own name. It shall have its own seal;
- (c) The Central Bank shall be exempted from all Government taxes and duties, including revenue stamp duties.

### **Article 4**

The objectives of the Central Bank shall be to maintain monetary stability in the Kingdom and to ensure the convertibility of the Jordan Dinar, and to promote the sustained economic growth in the Kingdom in accordance with the general economic policy of the Government. The Central Bank shall accomplish these objectives by the following means:

- (a) The issue and regulation of bank notes and coins in the Kingdom;
- (b) Maintaining and managing the gold and the foreign exchange reserves of the Kingdom;
- (c) Regulating the quantity, quality, and cost of credit to meet the requirements of economic growth and monetary stability;
- (d) Adopting appropriate measures to deal with local economic and financial problems;
- (e) Acting as a banker to the Licensed Banks and the Specialized Credit Institutions;
- (f) Supervising Licensed Banks to ensure the soundness of their financial positions and the protection of the rights of depositors and shareholders;
- (g) Acting as a banker and fiscal agent to the Government and public entities;
- (h) Advising the Government on the formulation and the manner of implementation of its financial and economic policy;

- (i) Carrying out any other functions and transactions normally performed by central banks, as well as any operations entrusted to it under this law, or any other law, or under any international agreement to which the Government is a party.

#### **Article 5**

The Central Bank shall have its head office in the Capital of the Kingdom, and it may open and close branches in the Kingdom. The Council of Ministers may in case of emergency move the head office of the Central Bank to another location temporarily.

#### **Article 6**

The Central Bank may appoint its correspondents and agents within the Kingdom or abroad on such terms and conditions as it may deem fit and may cancel their appointment.

### **PART II - CAPITAL AND RESERVES**

#### **Article 7**

The capital of the Central Bank shall be ID 2,000,000 (two million Jordan Dinars) fully owned by the Government.

#### **Article 8**

The capital of the Central Bank may be increased by charging the amount of any such increase against its general reserve, by a decision of the Council of Ministers on the recommendation of the Board.

#### **Article 9**

- (a) The Central Bank shall maintain a general reserve, into which shall be paid 20% (twenty per centum) of the net profits realized by the Central Bank during each financial year. The remaining amount (namely eighty per centum) of the annual net profits shall be paid to the Government. The Governor may extend advances to the Treasury from the Government's share of the net profits which will become due. Settlement of such advances and payment of the balance of the profits due to the Government shall be effected on the last business day of the year;
- (b) All the net profits shall be paid to the Government when the amount of the general reserve exceeds twice the amount of the capital;
- (c) For the purposes of this Article, the net profits shall be determined after deducting all administrative expenses and costs, contributions to the Staff and Employees Provident Fund of the Central Bank and any other reserves for contingencies and provisions, or to cover any depreciation in the Bank's assets;
- (d) If the reserves are insufficient to cover any loss in the profit and loss statement for any financial year, an amount sufficient to cover the deficiency shall be paid by

the Government within the first three months following the end of the financial year. Such payment shall be a first charge in favor of the Government on the profits which may subsequently be realized.

### **PART III - ADMINISTRATION**

#### **Article 10**

- (a) The management of the general affairs of the Central Bank shall be entrusted to a Board of Directors consisting of the Governor as chairman, the Deputy Governors, one of whom the Governor will name to be vice chairman in his absence, and five members appointed in accordance with the provisions of this Article;
- (b) The Governor and the Deputy Governors shall be appointed by a decision of the Council of Ministers, for a term of five years, and they are eligible for reappointment, with the approval of His Majesty the King of the appointment and reappointment;
- (c) The member shall be appointed by a decision of the Council of Ministers for a term of three years, and may be reappointed;
- (d) When deciding on these appointments, the Council of Ministers shall select persons with experience in financial and economic affairs, and able to contribute to the realization of the objectives of the Central Bank, provided that the Licensed Banks and the Specialized Credit Institutions shall be represented by not more than one member each;
- (e) Notice of these appointments shall be published in the Official Gazette.

#### **Article 11**

- (a) The Board shall hold at the request of the Governor a meeting at least once a month, and whenever the need or affairs of the Central Bank so require. The Governor shall also convene a meeting at the written request of any two members of the Board, provided that such request shall indicate the subjects to be discussed at the meeting;
- (b) A quorum for any meeting shall consist of at least four members, one of whom shall be the Governor or the Deputy Governor;
- (c) In the absence of the Governor and the nominated Deputy Governor from any meeting of the Board, the other Deputy Governor shall chair that meeting;
- (d) Decisions of the Board shall be taken by an absolute majority of those present. In case of a tie-vote, the chairman shall have a casting vote;
- (e) In exceptional cases when, in the opinion of the Governor, a Board decision on a matter within the jurisdiction of the Board is necessary, and it is not possible to

convene a meeting of the Board, such a decision may be taken, on behalf of the Board, by a committee composed of the Governor as chairman, the Deputy Governors, and one member selected by the Governor. In the absence of the Governor, the nominated Deputy Governor shall chair the committee and, in this case, another member of the Board selected by the nominated Deputy Governor shall join the Committee. Such a decision, in both cases, shall be valid and binding on the Central Bank, and the Board shall be informed thereof at the first subsequent meeting at which a quorum is present;

(f) If the Governor or the Deputy Governor or any member of the Board has any personal interest in any transaction or agreement to which the Central Bank is a party, he must disclose such interest, and must withdraw from the meeting when such transaction or agreement is discussed, and must abstain from voting thereon.

## **Article 12**

The Board shall exercise the following powers:

- (a) To consider and formulate the general policy of the Central Bank;
- (b) To prepare draft regulations, not inconsistent with the provisions of this Law, for the organization of the Central Bank and administration of its affairs;
- (c) To formulate internal rules for the administration of the affairs of the Bank or to authorize the Governor to issue such rules;
- (d) To determine the organizational framework of staff and employees, their grades, numbers, and the terms and conditions of their employment in the Central Bank, in accordance with the provisions of the special regulations enacted in this regard;
- (e) To open branches for the Central Bank and to close such branches;
- (f) To appoint advisors to the Central Bank for fixed periods on such terms and conditions as may be decided by the Board;
- (g) (1) To approve the licensing of Jordanian banks, their merger, the revocation of their licenses, and the opening of their branches inside and outside the Kingdom and in free zones established in the Kingdom; (2) to approve the licensing and the revocation of licenses of branches or representative offices of foreign banks in the Kingdom and in the free zones established therein; and (3) To approve and to revoke the licenses of financial institutions and companies;
- (h) To authorize dealing in foreign exchange and to revoke such authorization in accordance with the Laws, Regulations, and Directives applicable in this respect;
- (i) To approve the credit facilities extended by the Central Bank to the Governor or the Deputy Governor for housing purposes;
- (j) To approve the annual report, balance sheet, and profit and loss statement of the Central Bank.

## **Article 13**

- (a) The Governor shall be the chief executive responsible for the implementation of the policy of the Central Bank and the management of its affairs;
- (b) The Governor shall exercise all the powers and authorities conferred on the Central Bank other than those reserved exclusively to the Board under this Law or any other Law;
- (c) The Governor shall keep the Board informed of his decisions and measures which he takes in important matters;
- (d) The Governor shall be responsible to the Board for the implementation of Board decisions;
- (e) The Governor shall sign, jointly with the Minister of Finance, bank notes in accordance with the provisions of the regulations enacted in this regard;
- (f) The Governor shall be the chief disbursing officer in the Central Bank in accordance with the rules and regulations in force.

#### **Article 14**

The Governor shall represent the Central Bank in all of its relations with other parties; and in this capacity he may:

- (a) Represent the Central Bank in its relations with the Government and all other institutions;
- (b) Represent the Central Bank, either personally or through counsel, in any legal proceedings to which the Central Bank is a party;
- (c) Sign contracts which involve financial commitments on the Central Bank, in accordance with the regulations as may be decided by the Board;
- (d) Sign individually or jointly with other officials of the Bank, reports, accounts and financial returns and statements, correspondence, and other documents of the Central Bank;
- (e) Appear before any Parliamentary Committee which may be set up to consider the affairs of the Central Bank or the legislation relating to its functions and publish any press reports or statements explaining the policy and the measures adopted by the Central Bank.

#### **Article 15**

The Governor may delegate to any or both Deputy Governors or any other official of the Central Bank any of the powers vested in him under this Law, or under the regulations and rules enacted thereunder. Such delegation of power may include the authority to sign documents with financial commitments on the Central Bank.

#### **Article 16**

- (a) Two Deputy Governors shall be appointed to assist the Governor in the execution of his duties and functions in accordance with the powers and responsibilities he authorizes them;
- (b) The Deputy Governor nominated by the Governor shall assume the powers and responsibilities of the Governor whenever the Governor is away from the Kingdom, or is on leave of absence, or cannot be reached for any reason. If the nominated Deputy Governor is away or cannot be reached, the other Deputy Governor shall assume the powers and responsibilities of the Governor;
- (c) If the Governor and the Deputy Governors are away from work, the Prime Minister shall appoint a member of the Board to assume the functions and responsibilities of the Governor until the Governor or any of the Deputy Governors return to work.

#### **Article 17**

The Governor and the Deputy Governors shall devote their whole time to the service of the Central Bank and to the discharge of their responsibilities in the Central Bank. None of them may engage directly in any business activity or accept any paid permanent employment outside the duties of their respective offices, unless the Council of Ministers decides to entrust or mandate any of them to carry out any duties or serving on any body, council, board, committee or official delegation, or participating in any international conference, or where his undertaking of such duty and service or participation in such council, board, committee delegation or conference meets with any legislation in force.

#### **Article 18**

- (a) The Council of Ministers shall determine the salaries and the regular allowances of the Governor and the Deputy Governors, and the remuneration of members, provided that during their respective terms of office such salaries, allowances and remunerations shall not be subject to any reduction;
- (b) The Board shall determine the compensation on termination of service of the Governor and the Deputy Governors and the gratuities, leave, traveling and medical allowances and any other rights granted to other employees of the Central Bank in accordance with staff regulations.

#### **Article 19**

- (a) The Governor, the Deputy Governor or any other member may not disclose to any unauthorized person any confidential information which he has acquired in the course of his service with the Central Bank, unless this is done in the performance of his official duties or unless he is required to do so in court in accordance with the Law;
- (b) No person shall be appointed to the post of Governor, Deputy Governor or member unless he is a Jordanian citizen, and any person appointed to one of these posts shall take an oath of allegiance and secrecy with regard to the functions and

operations of the Central Bank, at the first meeting which he attends after his appointment, and in the terms set out in appendix 1 to this Law.

#### **Article 20**

- (a) No person shall hold the post of Governor or Deputy Governor while he is acting as a Minister, a Member of the Parliament, or a civil servant in the Government or in a public institution or municipality;
- (b) Nor shall any of the persons mentioned in the preceding paragraph hold the post of Member of the Board with the exception of employees of the Specialized Credit Institutions whose laws state that they are public institutions;
- (c) The services of the Governor, Deputy Governor or any Member of the Board are deemed terminated forthwith and a decision by the Prime Minister is issued to that effect in the following cases: (1) if he holds a ministerial post or any official post in the Government, public institutions or municipalities or if he becomes a Member of the Parliament or if he nominates himself for membership thereof; (2) if he is convicted of a dishonorable felony or crime,
- (d) The services of the Governor, Deputy Governor or any Member of the Board are terminated by a decision taken by the Council of Ministers in the following cases: (1) if he submits a written resignation; (2) if he is found to be unfit to execute his duties by a decision of the High Medical Committee of the Government; (3) if he is declared bankrupt or if he compounds with his creditors in accordance with the Commercial Law.

#### **Article 21**

- (a) The Council of Ministers may terminate the services of the Governor or the Deputy Governor if he engages directly in business or accepts paid permanent employment contrary to the provisions of Article 17 of this Law, or if he intentionally violates the provisions of the Law and thereby causes serious damage to the interests of the Central Bank;
- (b) The Council of Ministers may terminate the appointment of a member if he absents himself from all meetings of the Board held during two consecutive months, without the consent of the Board.

#### **Article 22**

If the Governor, Deputy Governor or any member dies, or if his services terminate or are terminated prior to the expiry of his term of office, another person shall be appointed for the remainder of the original term of service or for a complete term of office under the Law. Notice of such appointment shall be published in the Official Gazette.

#### **Article 23**



- (a) The Central Bank may employ such officials and employees in accordance with the regulations enacted in this regard, as may be considered necessary for the proper conduct of its affairs;
- (b) Every official and employee of the Central Bank must take an oath to protect the secrecy with regard to the functions and operations of the Central Bank, before assuming his duties, and in the terms set out in appendix 2 of this Law. This oath shall be taken in the presence of the Governor or the Deputy Governor;
- (c) The Central Bank may extend credit facilities to its officials and employees or to their cooperative societies for housing purposes.

#### **PART IV - ISSUE OF CURRENCY**

##### **Article 24**

The unit of currency of the Kingdom shall be the Jordan Dinar.

##### **Article 25**

- (a) The Council of Ministers shall, after consultation with the Central Bank, determine the par value of the Jordan Dinar in terms of gold or of the Special Drawing Rights in accordance with international agreements to which the Kingdom is a party. The par value, so determined, shall be published in the Official Gazette;
- (b) The Central Bank shall, from time to time, publish the buying and selling rates of the foreign currencies which are of significance for the international economic relations of the Kingdom.

##### **Article 26**

- (a) Any monetary transaction in the Kingdom shall be effected in Jordan Dinars, and any bill, contract, promissory note or document whatsoever involving a monetary payment or obligation must be expressed in Jordan Dinars;
- (b) Foreign currencies may be used for the aforesaid purposes only to the extent permitted by the Foreign Exchange Control Law and any other rules and regulations issued thereunder.

##### **Article 27**

The Central Bank shall have the sole right to issue currency notes and coins in the Kingdom. Such notes and coins shall be the sole legal tender for the payment of any sum of money in the Kingdom.

##### **Article 28**

- (a) The Council of Ministers shall determine, on the recommendation of the Board, the denominations, names, inscription, forms, material and other characteristics of

the notes and coins in regulations which shall be published in the Official Gazette and in any other media of public information as the Central Bank may decide;

(b) Commemorative and special coins shall be issued by a decision of the Council of Ministers and the Central Bank shall determine the specifications and forms for such coins.

#### **Article 29**

(a) The Central Bank shall prescribe the conditions and terms under which it will conduct the issue of notes and coins including their re-issue and exchange;

(b) The Central Bank shall not be obliged to pay compensation for the value of any notes or coins which may be lost, stolen, destroyed or mutilated. The refund of the value of any such notes or coins and the conditions for refund of their value shall be within the absolute discretion of the Central Bank.

#### **Article 30**

(a) The Council of Ministers may announce, upon the recommendation of the Central Bank that a particular denomination of notes or coins shall cease to be legal tender as of a certain date. A notice to this effect shall be published in the Official Gazette and through other media of public information, giving the public a reasonable period of not less than two weeks and not more than two years, during which time such denomination shall be withdrawn from circulation and the face value of the notes and coins of that denomination paid for other currently valid legal tender in circulation in the Kingdom;

(b) After the expiry of the period prescribed for the exchange of such notes and coins, the value of any notes and coins which have not been exchanged shall be credited to the account of the Treasury with the Central Bank. If any of these notes or coins are subsequently offered for exchange, the Central Bank shall pay their value and debit the account of the Treasury for the amount. The Council of Ministers, on the recommendation of the Central Bank, may determine the period which it deems appropriate after which no payment of the value of such notes and coins can be made.

#### **Article 31**

The Central Bank shall maintain assets the value of which at any time shall not be less than the value of the notes and coins in circulation. Such assets shall consist of all or any of the following:

(a) Gold and gold coins in any form;

(b) The Kingdom's contribution to any regional or international financial institution paid in gold or convertible foreign currencies;

(c) The Kingdom's holdings in Special Drawing Rights;

- (d) Convertible foreign currencies in the form of cash, demand or time deposits, certificates of deposit, or bank acceptances provided that their maturities do not exceed two years;
- (e) Financial papers issued or guaranteed by a foreign government or any of its official institutions, or by an international financial institution, made in a convertible currency and which mature in not more than ten years from the date of their acquisition by the Central Bank;
- (f) Any foreign currency assets including credit balances in favor of the Kingdom under payments and clearing agreements;
- (g) Government securities and Government-guaranteed securities issued and publicly offered by public institutions or the Specialized Credit Institutions provided that their maturities shall not exceed ten years from the date of their acquisition by the Central Bank.

## **PART V - EXTERNAL RELATIONS**

### **Article 32**

The Central Bank may import, export, sell, buy, hold, accept for deposit, and deal in gold or foreign bank notes in any form, and under such terms and at such rates as it may decide.

### **Article 33**

Unless provided to the contrary in another Law, the Central Bank may deal in foreign exchange transactions only with:

- (a) Licensed banks;
- (b) The Government;
- (c) Public institutions and Specialized Credit Institutions;
- (d) Foreign central and commercial banks, and financial institutions;
- (e) Foreign governments and foreign governmental institutions;
- (f) International and regional financial institutions.

### **Article 34**

The Central Bank shall assume responsibility for the implementation of any foreign exchange control laws in force in the Kingdom.

### **Article 35**

- (a) The Central Bank shall assume responsibility for the implementation of any payments agreement to which the Kingdom is a party;

(b) The Central Bank may contribute to the capital of any international payment union of which the Kingdom is a member.

#### **Article 36**

- (a) The Central Bank shall represent the Kingdom at the International Monetary Fund, the Arab Monetary Fund, and other international monetary institutions as well as in all its monetary relations with these institutions;
- (b) The Central Bank shall be the depository for the Jordan dinar holdings of the international and regional financial institutions of which the Kingdom is a member.

### **PART VI - RELATIONS WITH LICENSED BANKS AND SPECIALIZED CREDIT INSTITUTIONS**

#### **Article 37**

- (a) The Central Bank shall open accounts for, and accept deposits from Licensed Banks, and shall, upon their request, collect money and other monetary claims due to them and settle on their behalf any claims due from them and, generally, act as their banker;
- (b) The Central Bank shall provide the Licensed Banks with services for interbank clearings and for exchange of credit information relating to their clients and these banks shall participate in such arrangements as the Central Bank may prescribe for these purposes after consultation with them;
- (c) The Central Bank may provide such additional services to Licensed Banks as it may deem fit after consultation with these banks;
- (d) The Central Bank, in participation with the Licensed Banks and Specialized Credit Institutions, may establish an institute for banking studies under a special regulation to be enacted for this purpose;
- (e) The Central Bank, in participation with the Licensed Banks and Specialized Credit Institutions, may establish an institution for the insurance of deposits up to a maximum limit in accordance with special regulations to be enacted for this purpose.

#### **Article 38**

The Central Bank may open accounts for and accept deposits from Specialized Credit Institutions, and it may collect money and other monetary claims due to and from them and, generally, act as their banker.

#### **Article 39**

- (a) The Central Bank may discount or rediscount for, sell to, or buy from Licensed Banks the following credit instruments: (1) Bills of exchange and promissory notes

drawn in the Kingdom for the purposes of financing genuine commercial transactions, and maturing within not more than 90 (ninety) days from the date of their acquisition by the Central Bank, provided that the Licensed Bank concerned undertakes to repurchase them on the dates fixed by the Central Bank; (2) Bills of exchange, promissory notes and other credit instruments drawn in the Kingdom to finance industrial, tourism, agricultural, constructional or mining operations provided that they mature within not more than nine months from the date of their acquisition by the Central Bank, and provided that the Licensed Bank concerned undertakes to repurchase them on the dates fixed by the Central Bank. The Central Bank may require as collateral the assignment, mortgage or pledge of the related products or properties, or demand any other security or collateral; (3) Government securities maturing within not more than ten years from the date on which they are presented to the Central Bank; and (4) Securities issued by public institutions with Government guarantee, offered for public subscription provided that they mature within not more than ten years from the date on which they are presented to the Central Bank.

(b) The Central Bank may grant to Licensed Banks advances for fixed periods not exceeding nine months; such advances shall be guaranteed by one or more of the following documents: (1) The credit instruments specified in paragraph (a) of this Article; (2) Negotiable bonded warehouse receipts issued by warehouses recognized by the Central Bank or appointed by the Custom Authorities, provided that the goods covered by such certificates are insured and non-perishable; and (3) Negotiable shipping documents relating to the imports or exports provided that goods concerned are insured and non perishable.

#### **Article 40**

The Central Bank may grant to Specialized Credit Institutions advances for fixed periods not exceeding five years, and which are secured by any of the following credit instruments:

- (a) Credit instruments drawn in the Kingdom, and in particular, promissory notes, bills and installments originating from loans extended by the borrowing specialized institution provided that the maturity of such credit instruments and loans does not exceed a period of seven years from the date of their presentation to the Central Bank;
- (b) Government securities maturing within a period not exceeding ten years from the date of presentation of such securities to the Central Bank;
- (c) Securities issued by public institutions and guaranteed by the Government which have been offered for public subscription, provided that their maturity does not exceed ten years from the date of their presentation to the Central Bank.

#### **Article 41**

- (a) The Central Bank shall announce from time to time the rates of interest it will charge for rediscounts and for granting advances;

- (b) The Central Bank shall determine the general terms and conditions for extending credit facilities to Licensed Banks and Specialized Credit Institutions;
- (c) The Central Bank may, in cases of emergency, or under extraordinary circumstances which, in the opinion of the Central Bank, constitute a threat to monetary or banking stability in the Kingdom, extend special credit facilities to any Licensed Bank under such terms and conditions established by the Board and approved by the Council of Ministers.

#### **Article 42**

- (a) The Central Bank shall require Licensed Banks to deposit a compulsory cash reserve with the Central Bank as a percentage or percentages of their various types of deposits of not less than 5% (five per centum) and not more than 35% (thirty five per centum). The Central Bank may keep this compulsory cash reserve in a current account, or as a call or time deposit, the balance of which may not be reduced by withdrawals to less than the prescribed percentage without the approval of the Central Bank;
- (b) Any prescription of, or change in the percentage of the compulsory cash reserve shall not be effective before at least thirty days after the Central Bank's written notice thereof to the Licensed Banks;
- (c) The Central Bank shall prescribe the method of computing the compulsory cash reserve;
- (d) The Central Bank shall impose on any Licensed Bank whose compulsory cash reserve falls below the prescribed percentage a fine not exceeding  $\frac{1}{3650}$  of the amount of the deficiency, in respect of every day during which the deficiency continues. The amount of such fine shall be debited to the account of the Licensed Bank concerned with the Central Bank, and shall be transferred, at the end of each month, to the account of the Treasury. Any Licensed Bank on which such fine is imposed shall submit a statement on a form prescribed for this purpose, on the dates specified by the Central Bank;
- (e) If the violation is repeated, the Central Bank may impose, in addition to the aforementioned fine, any of the penalties prescribed under Article 46 of this Law.

#### **Article 43**

With the exception of banks and financial institutions licensed to manage investments in accordance with the principles of Islamic Shari'ah, the Central Bank may issue to the Licensed Banks and the Specialized Credit Institutions orders published in the Official Gazette and through other media of public information prescribing the following:

- (a) The minimum and maximum interest rates which the Licensed Banks and the Specialized Credit Institutions charge on credit facilities which they extend to their clients, irrespective of the provisions of any other legislation or regulation concerning interest or profit-sharing;

- (b) The maximum and minimum commissions which the Licensed Banks charge on credit facilities, and the administration of accounts and other services offered to their clients;
- (c) The minimum and maximum interest rates which the Licensed Banks and the Specialized Credit Institutions pay on deposits with them;
- (d) The minimum cash margin of the value of documentary credits opened for beneficiaries abroad. The Central Bank may require that the whole or part of such margin be deposited with the Central Bank until the date of settlement;
- (e) In case the Central Bank does not fix the interest rates and commissions as stipulated in the above paragraphs (a), (b), and (c) of this Article, or revokes any order it issued thereof, the Licensed Banks and Financial Companies may charge their clients interests and commissions and pay them interests in accordance with instructions issued by the Central Bank and without being bound by the margins stipulated in any Law or regulation dealing with profit-sharing or interest.

#### **Article 44**

- (a) The Central Bank may issue orders or instructions to the Licensed Banks, collectively or individually, with a view to regulating the volume, types, purposes, terms and conditions of loans, advances and other credit facilities;
- (b) The Central Bank may issue orders or instructions to the Licensed Banks limiting the volume of investments which they may make within or outside the Kingdom;
- (c) Notwithstanding the provisions of any other Law, and in order to fulfill the objectives of this Law, the Central Bank may request any of the Licensed Banks not to publish its annual statements of accounts and not to take any action concerning the distribution of its profits before such statements of accounts are approved by the Central Bank. It shall publish such statements of accounts at a date not later than June of the year in which the balance sheet is usually issued;
- (d) Orders and instructions issued under the provisions of Articles 43 and 44 of this Law shall not have a retroactive effect, and shall apply to all types of transactions included in such instructions and orders, and in accordance with the time schedule specified therein.

#### **Article 45**

- (a) Licensed Banks and Specialized Credit Institutions shall furnish the Central Bank, at such times and in such manner as it may prescribe, with any information and statistics which it may require;
- (b) The Central Bank, in coordination with the Department of Statistics, may request any information or statistical data from public institutions and departments, individuals and legal persons concerning the developments of wages and prices for the purpose of computing index numbers thereof;

(c) All disaggregate data and statements presented to the Central Bank are considered confidential and may not be revealed to any individual or institution except in the form of aggregate statistical statements that the Central Bank publishes from time to time.

#### **Article 46**

The Central Bank may impose any of the following measures against a Licensed Bank which violates any of the provisions of this Law or the orders or instructions issued thereunder:

- (a) Addressing a warning to the Bank;
- (b) Reducing or suspending credit facilities extended to the Bank. If a violation is repeated, the Board may impose, on the recommendation of the Governor, any of the following penalties;
- (c) Preventing the Licensed Bank from carrying out certain operations and imposing such limitations on its credit operations as the Central Bank may deem fit;
- (d) Appointing a temporary controller to supervise the Licensed Bank's activities;
- (e) Revoking its License.

### **PART VII - RELATIONS WITH THE GOVERNMENT**

#### **Article 47**

- (a) The Central Bank shall be the banker and fiscal agent of the Government. All accounts and banking transactions of all the Ministries and Government Departments, whose expenditures and revenues are governed by the General Budget Law, shall be opened with, or transacted through the Central Bank exclusively;
- (b) The Central Bank may act as the banker and fiscal agent of any public institution, in accordance with such terms and conditions as may be agreed upon between the Central Bank and the public institution concerned.

#### **Article 48**

- (a) The Central Bank shall perform on behalf of the Government, or any public institution concerned the following functions: (1) accepting deposits and maintaining accounts; (2) issuing and managing public loans which are offered for public subscription; (3) paying, remitting, and collecting funds in the Kingdom or abroad and keeping funds in custody and opening letters of credit; (4) purchasing, selling, remitting or accepting in custody cheques, bills of exchange, securities, gold, silver and foreign exchange; (5) effecting any other banking services;
- (b) The Central Bank may, after consultation with the Minister of Finance, appoint an agent to carry out the aforesaid functions, as it deems fit.



**Article 49**

The Central Bank may grant an interest-free advance to the Government for the purpose of offsetting a temporary deficit resulting from an excess of Government expenditures over revenues, provided that such advance shall not exceed at any time 20% (twenty per centum) of the domestic revenue estimated in the General Budget Law in force when the advance is granted.

**Article 50**

The Central Bank may purchase and sell registered or bearer bonds issued by the Government, public institutions or Specialized Credit Institutions and guaranteed by the Government, and may hold such bonds in safe custody for the account of their owners, provided that the maturity of these bonds does not exceed ten years from the date of their acquisition by the Central Bank.

**Article 51**

The Central Bank shall not extend credit facilities to the Government or to public institutions, whether directly or indirectly, save within the limits prescribed under this Law.

**Article 52**

- (a) Government Departments shall furnish the Central Bank with all such available information as the Central Bank may deem necessary to obtain;
- (b) The Central Bank shall offer its advice to the Government on any matter within its jurisdiction, which may affect the realization of the objectives of the Central Bank. The Government may ask the advice of the Central Bank regarding any particular proposal, measure, transaction or situation affecting the national economy.

**Article 53**

The Council of Ministers shall seek the views of the Governor when it discusses matters related to the monetary or fiscal policy and credit conditions in the Kingdom.

**Article 54**

- (a) When negotiating a foreign loan or credit which is to be the Government or to any public institution, the Govern-public institution shall seek the advice of the Governor about the effect of such loan or credit on the monetary stability and payments situation of the Kingdom;
- (b) In exceptional circumstances of economic importance and related to the general welfare, the Council of Ministers may request the Central Bank to guarantee the transfer in foreign currency of installments which become due under a foreign loan or credit extended to the Government or to a public institution in the Kingdom. The Central Bank shall determine the terms and conditions for the issue of any such guarantee, provided that such a guarantee shall not in any circumstances go beyond

an undertaking by the Central Bank to convert the Jordanian currency which it receives into the required foreign currency.

#### **Article 55**

(a) The Central Bank may hold, own, and sell, for local currency the shares and bonds of any financial or banking institution which is established in the Kingdom, provided that the Council of Ministers approves such measures and that the combined total investments by the Central Bank in such shares and bonds shall not exceed 25% (twenty five per centum) of its capital and reserves;

(b) The Central Bank, in accordance with special agreements to which the Government is a party and which are approved by the Council of Ministers can subscribe to the capital of any banking or financial institution established outside the Kingdom, provided that the combined total subscriptions by the Central Bank shall not exceed 50% (fifty per centum) of the capital and general reserve account.

### **PART VIII - GENERAL PROVISIONS**

#### **Article 56**

(a) Any loss or profit arising from the revaluation of the assets and liabilities of the Central Bank in gold or foreign currencies as a result of any change in the par value of any foreign currency, shall be excluded from the statement of profit and loss of the Central Bank and shall be carried in a special account. The Central Bank may allocate in subsequent years the funds required for the amortization of such losses carried in this special account, and may use any part of its general reserve, on the recommendation of the Board and with the approval of the Council of Ministers to cover such losses carried in the special account or any part thereof;

(b) The Board shall determine, for the purpose of the annual balance sheet, the value of all gold and foreign currency assets corresponding to bank notes in circulation.

#### **Article 57**

The Central Bank may purchase, own or lease real estate only for its own use and for the purpose of discharging its functions.

#### **Article 58**

The Central Bank shall not engage in any business activities except to the extent permitted under Law, and it shall not acquire a direct interest in any agricultural, industrial or similar enterprise unless such interest relates to the settlement of debts due to the Central Bank, and provided that any such interest shall be disposed of within a period not exceeding two years from the date of its acquisition by the Central Bank.

**Article 59**

The fiscal year of the Central Bank shall commence on the first day of January and shall end on the thirty first day of December of every year.

**Article 60**

The Central Bank shall publish in the Official Gazette a monthly statement showing its assets and liabilities under main headings as at the close of business on the last day of each month, and such statement shall be published during the following month.

**Article 61**

Within three months after the close of its financial year, the Central Bank shall submit to the Minister of Finance a brief report on its operations throughout that year together with a copy of its annual balance sheet and profit and loss statement, certified by the external auditors of the Central Bank.

**Article 62**

- (a) After the submission of the information specified in the preceding Article, the Central Bank shall prepare its general annual report, and shall publish it in various media;
- (b) The Central Bank may publish any information which it considers worthy of public interest.

**Article 63**

The Council of Ministers shall appoint, on the recommendation of the Minister of Finance, external auditors to audit the accounts of the Central Bank and to certify its annual balance sheet and profit and loss statement, and shall determine the remuneration to be paid to such auditors.

**Article 64**

The Central Bank may not be wound-up, or liquidated except in accordance with a Law.

**Article 65**

The Council of Ministers may issue, on the recommendation of the Board, such regulations as may be required for the enforcement of the provisions of this Law.

**Article 66**

- (a) This Law shall supersede the Provisional Central Bank Law No. 93 of 1966, provided that the regulations, rules, orders and decisions issued under that Law and under the previous Central Bank Laws of 1959 and 1960 shall remain valid and binding until they are amended or repealed, and they shall be deemed to have been enacted or issued under this Law unless they are inconsistent with the provisions of this Law;

(b) All notes and coins issued in accordance with the Jordanian Currency Law of 1949 and under the previous Central Bank Laws of 1959, 1960, and 1966 shall remain legal tender until a new decision is passed in accordance with the provisions of Article 30 of this Law.

## **Article 67**

The Prime Minister and the Ministers shall be responsible for the enforcement of this Law.

### **APPENDIX 1**

I swear by the name of the Almighty God to be faithful to H.M. the King and to my Country, and to devote all my abilities to the discharge of the duties entrusted to me as Governor / Deputy Governor / Member of the Board of Directors of the Central Bank of Jordan with the utmost loyalty and honesty, and to uphold the Law and observe the secrecy of all confidential decisions and transactions to which I have access, and which are related to the operations of the Central Bank.

### **APPENDIX 2**

I swear by the name of the Almighty God to be faithful to H.M. the King and to my Country, to uphold the laws, regulations and rules applicable to the Central Bank, to devote all my abilities to the discharge of the duties entrusted to me with the utmost loyalty, sincerity, honesty, accuracy and faithfulness; to observe the secrecy of confidential decisions and transactions related to the operations of the Central Bank to which I have access, whether through my official duties or through any other means, and to deny access thereto any unauthorized person.

[... amended as of 1992 and by Law 62 of 2001 on Jordanian Central Bank Employees Law of August 29, 2001 issued according to the Constitution Article 120].