

We, Faisal Ben Al Hussein, the Regent.
In accordance with Article (31) of the constitution
and pursuant to the decision of the Cabinet during its meeting on
29-3-2005,
have ordered the issuance of the following bylaw:

Bylaw number (35) year 2005
Association of Banks' bylaw
Issued as per article (95) of the Banks Law number (28) year 2000

Article (1): This bylaw shall be called the (Association of Banks' Bylaw Year 2005) and shall be effective thirty days after its publication in the Official Gazette.

Definitions

Article (2): Wherever stated in this bylaw, the following words and expressions shall have the meaning assigned thereto hereunder unless the context connotes otherwise:

Central bank: The Central Bank of Jordan.

Association: The Association of Banks established in accordance with the Banks Law in effect.

General assembly: Association's general assembly.

The board: Association's board of directors.

The chairman: Board's chairman.

The member: The company licensed to practice banking activities in accordance with the provisions of the Banks Law in effect including the branch of a foreign bank licensed to operate in the Kingdom.

Article (3):

- A) The association enjoys financial and administrative independence and, in this capacity, it may own current and fixed assets necessary to realize its objectives and may

undertake all legal actions including borrowing , entering into contracts and litigation.

- B) The headquarters of the association shall be in Amman and, by a decision from the board, it may open branches in the Kingdom.
- C) The chairman shall represent the association before others. The general assembly decided during its ordinary meeting on 25-6-2007 to amend this article to become: “The chairman, or the person authorized by him/her in writing, shall represent the association before others in all financial, administrative, legal and judicial matters.”

Objectives of the association

Article (4): The association seeks to upgrade and advance the banking business through the following:

- A) Looking after the interests of members and coordinating between them in order to achieve their common benefit.
- B) Improving and modernizing the methods of delivering banking services.
- D) Deepening the understanding of banking business and its norms as well as following unified regulations and procedures for this purpose.

Taking into consideration the legislative provisions in effect, the association shall be in charge to perform the following tasks and duties in order to achieve its objectives:

- A) Providing consultancy services to members in the area of their business.
- B) Discussing the members' common issues related to various activities and finding suitable solutions to problems facing them.
- C) Cooperating with the central bank in order to attain its monetary policy and exchanging views on various banking issues.
- D) Exchanging banking knowledge and passing on available information to members.

F) Reaching collective agreements between members to standardize, whenever possible and after obtaining the approval of the central bank, the conditions of bank dealings.

G) Holding educational seminars and lectures as well as training courses about banking and economic issues.

H) Cooperating with public and private sector institutions that relate to the objectives of the association.

I) Endeavoring to standardize banking terminology, forms and procedures whenever possible

J) Issuing periodic pamphlets and publications that deal with various aspects of banking activities.

K) Collecting data, documents and statistics related to the banking business as well as furnishing members with studies and researches in this regard.

L) Providing proposals for upgrading banking and economic legislations in cooperation with the central bank.

M) Establishing cooperation ties between the association and Arab and international banking associations.

N) Issuing a banking code of conduct.

O) Setting up a banking arbitration centre.

Article (6) –

A) Membership in the association is mandatory for all licensed banks.

B) Taking into consideration what is stated in article (7) of this bylaw, the banks which are licensed by the central bank on the date that this bylaw takes effect and which are members of the (Association of Banks in Jordan), shall lawfully be considered members in the association.

Article (7) – The association shall collect the following fees:

A)

1- A JD3,000 membership fee to be paid only once by the member upon joining the association

2- A JD2,000 fixed annual subscription fee to be paid by the member each year regardless of the size of activity.

3- A variable annual subscription fee to be paid each year by the member as follows:

(i) JD10 on every JD1 million of a member's assets and its branches in the Kingdom covering the previous year except contra-accounts

(ii) 1.5 per thousand of a member's dividends payable

B) If a member is late in paying any of the fees that are due, in accordance with the provisions of paragraph (A) of this article, on the date set by the board, the member has to pay to the association an annual fine equal to 10 per cent of the amount owed.

C) To deal with items (2) and (3) of paragraph (A) of this article, a part of a year shall be considered a whole year

General assembly

Article (8) –

A) The association's general assembly shall comprise all members, represented at meetings by the chairmen of the boards of directors or the chief executive officers/general managers or, in case of non-Jordanian members, by regional managers.

B) The chairman of the association shall be the general assembly's chairman.

Article (9) – The general assembly shall assume the following tasks and authorities:

- A) Devising the association's general policy and formulating necessary plans and programs for implementation.
- B) Approving a banking code of conduct and an information exchange system.
- C) Electing the board.
- D) Endorsing the association's annual budget.
- E) Discussing the annual report submitted by the board about the association's work and examining/ endorsing the balance sheet of the fiscal year that just ended.
- F) Appointing an accredited accountant to audit the association's accounts and approving his/her report.
- G) Proposing amendments to this regulation and recommending modifications to the central bank.
- H) Examining any other matters referred to it by the board.

Article (10) –

- A) Within three months from the end of the association's fiscal year, and upon a written invitation to the members from the chairman, or the vice chairman in his/her absence; the general assembly shall hold an ordinary session once a year. The invitation, containing an agenda besides specifying the location and the time of the meeting, should also be addressed to the central bank.
- B) At the request of the board or upon a justified request from one third of the members, the general assembly may hold an extraordinary session when only subjects listed on the agenda can be discussed.
- C) An invitation shall be sent to the central bank for nominating a representative to attend, as an observer, the ordinary or

extraordinary sessions of the general assembly. If unable to attend, the meeting need not be put off.

Article (11) –

A) The quorum for the general assembly meeting becomes legal upon the presence of no less than the absolute majority among which shall be the chairman or, in his/her absence, the vice chairman. If the quorum is not reached, the meeting shall be postponed for no more than one week from the date of the first meeting. In this case, the meeting shall be legal with whoever in attendance.

B) A proxy shall not be acceptable for attending the general assembly meetings.

C) Decisions of the general assembly must be taken by the absolute majority of attending members but should be binding to all members.

D) If a quorum is legal at the beginning of a meeting, it shall continue regardless of the number of the members present after that.

E) If there is no legal quorum for an extraordinary meeting, it shall be considered legally cancelled.

Board of directors

Article (12) – A 9-member board of directors, elected by secret ballot from the general assembly for a period of three years, shall manage the association and supervise its affairs. The member shall be represented at the board meetings by the chairman or the chief executive officer/general manager or the regional manager in case of non-Jordanian members.

Article (13) –

A) The elections for the board shall take place within a maximum period of two months after the expiration date of the board's

current term, or a group resignation of more than half of the members. The current board shall continue to manage the association's work during that period.

B) No nomination shall be accepted from members which have not settled their financial obligations to the association before the date of the general assembly meeting.

Article (14) –

A) A committee, called the (Elections Committee), shall be formed headed by a representative from the central bank and two members which should be named by the chairman from among those not nominated to the membership of the board. The committee shall supervise the elections, check the applications of nominees and the lists of electorate names, ensure that members have settled all fees and fines owed, monitor the vote casting and the vote counting.

B) The elections committee shall rule by majority of its members in all matters related to the elections and its decision shall be final. It shall prepare a report showing the number of votes won by each candidate and the head of the committee shall declare the winning candidates sequentially according to the number of votes secured. In case of equal number of votes, a draw shall be held to determine the winning candidates.

C) If the number of nominees is equal to the number of board members, then the elections committee shall declare their win by acclamation.

Article (15) –

A) The new board shall elect during its first session, after the end of the general assembly meeting, a chairman and a vice chairman who will stand in his/her place when absent.

B) The chair and the vice-chair of the board shall be for the two natural persons who represent the two members elected by the board in their personal capacity.

C) The board's chairmanship shall be for one term and re-nomination of any person is not allowed until the lapse of a full term from the expiration date of the board's chairmanship.

Article (16) –

A) The board shall meet at least once every two months upon an invitation from the chairman, or the vice-chairman in his absence, or upon a written request to the board from at least two members.

B) A central bank representative shall participate, as an observer, in the board meetings with the right to join in the discussions but not the right to vote.

C) The quorum of a meeting shall be legal in the presence of an absolute majority of the members including the chairman or the vice-chairman in his/her absence. In the absence of both, the most elderly person present shall preside over the meeting. Decisions shall be taken by the absolute majority of members present and in case of a tie in votes, the presiding member's vote shall be the decisive.

D) The decisions of the board shall be documented in a special record that should be signed by all members present in the meeting.

Article (17) – The board shall assume the following authorities:

A) Executing the decisions of the general assembly and determining the appropriate measures to achieve the association's objectives.

B) Taking the necessary decisions to run the association's work.

C) Appointing a chief executive officer/general manager for the association from among those who possess experience and

qualifications. Also, determining his/her authority, salary, allowances and all other related matters.

D) Forming permanent and interim committees from among the board members or others, to assist him/her in carrying out his/her duties, and determining their remunerations.

E) Suggesting an internal regulation for the association's staff and submitting it to the general assembly for endorsement.

F) Preparing the association's budget

G) Readyng the annual report about the work of the association and the balance sheet for the year that ended for submission to the general assembly.

H) Formulating the necessary instructions to implement the provisions of this bylaw for submission to the general assembly for endorsement.

I) Readyng a banking code of conduct and an information exchange system for submission to the general assembly.

Article (18) –

A) The member shall lose its membership in the board in any of the following cases:

(i) Submission of resignation.

(ii) Absenteeism from three consecutive meetings without a justifiable excuse acceptable to the board.

B) If the posts of chairman or vice-chairman become vacant, the board shall elect a replacement for any of them.

C) In cases other than mentioned in paragraph (A) of article (13) of this bylaw, the board shall appoint a replacement for the remaining period of a member whose board post gets vacated for any reason. The issue has to be relayed to the general assembly, at its first meeting, in order to elect a substitute member.

Association's budget and financial resources

Article (19) – The association shall have an independent budget. Its fiscal year shall begin on the first day of January of each year and end on the thirty-first of December of the same year.

Article (20) – The financial resources of the association shall be as follows:

- A) Membership fee and the annual subscription fee
- B) Late-payment fines
- C) Returns on invested funds
- D) Aid, grants, donations or any other form of financial support sanctioned by the board.

Article (21) – The association shall keep its accounts in line with recognized accounting standards. It shall collect its income and disburse its expenses in accordance with special instructions to be issued by the board for this purpose.

Article (22) – The board shall issue the necessary instructions to execute the provisions of this bylaw