

**In the event of any conflict between the English version and the Arabic version, the Arabic version shall prevail.**

**Central Bank of Jordan Law No. 23 of 1971 and Amendments Thereto**

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**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 of the date of its publication in the Official Gazette.<sup>1</sup>

**Article (2)<sup>2</sup>**

(A) In this law, unless the context requires otherwise, the following words and expressions shall have the meanings hereby assigned to them:

KINGDOM: The Hashemite Kingdom of Jordan.

GOVERNMENT: The Government of the Hashemite Kingdom of Jordan.

CENTRAL BANK: The Central Bank of Jordan established under the Central Bank of Jordan Law of 1959 and the amendments thereto.

BOARD: The Board of Directors of the Central Bank of Jordan.

GOVERNOR: The Governor of the Central Bank of Jordan.

DEPUTY GOVERNOR: The Deputy Governor of the Central Bank of Jordan.

MEMBER: Any member of the Board other than the Governor and the Deputy Governor.

BANK: Any bank licensed to carry on banking business in the Kingdom under the provisions of the Banking Law.

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<sup>1</sup>The original law has been amended under the Amended Law No. 24 of 2016 by removing the word “licensed” wherever it appears.

<sup>2</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

**FINANCIAL INSTITUTION:** A corporate body that practices, under its Articles of Establishment, one or more of the financial activities of those set forth in the Banking Law, except for the acceptance of deposits.

**NATIONAL PAYMENT SYSTEM:** An electronic information system that allows sending, receiving and processing of payment orders and money transfers in any currency, providing clearing and settlement services, and issuing and managing payment tools.

**PUBLIC ENTITY:** 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:** 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:** Securities issued by the Government, a public official institution, a public institution, or guaranteed by the Government.

**DOMESTIC REVENUES:** 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:** Any currency, claim, balance or credit in any currency other than the Jordanian currency.

**CONVERTIBLE CURRENCY:** Any currency which is exchangeable in international exchange markets and freely transferable at exchange rates which are consistent with the provisions of IMF's Agreement.

(B) The definitions stated in the Banking Law shall be adopted in this Law wherever they are mentioned, unless the context requires otherwise.

### **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)<sup>3</sup>**

- (A) The objectives of the Central Bank shall be to maintain monetary stability in the Kingdom, ensure the convertibility of the Jordanian Dinar, contribute to achieving the banking and financial stability in the Kingdom, and promote the sustained economic growth in accordance with the general economic policies in the Kingdom.
- (B) The Central Bank shall accomplish these objectives by the following means:
1. Develop and implement the monetary policies in the Kingdom;
  2. Determine the regime and policy of the Dinar exchange rate;
  3. Monitor and Supervise Banks to ensure the soundness of their financial positions and the protection of the rights of depositors and shareholders in accordance with the provisions of the legislation in force and the rules of governance set by the Central Bank pursuant to the instructions issued for this purpose;
  4. Supervise any financial institution subject to its control to ensure the safety of its financial position in accordance with the provisions of the legislation in force and the rules of governance set by the Central Bank pursuant to the instructions issued for this purpose;
  5. Organize and develop the National Payment System to ensure the provision of safe and efficient payment, clearing and settlement systems in the Kingdom;
  6. Regulate credit to achieve monetary and financial stability and the requirements of economic growth;
  7. Issue bank notes and coins in the Kingdom;
  8. Maintain and manage the gold and foreign currency reserves of the Kingdom;
  9. Adopt appropriate measures to address the economic and financial problems;
  10. Act as a banker for the Banks and Specialized Credit Institutions;
  11. Act as a banker and fiscal agent for the Government and public entities;
  12. Advise the Government on the formulation and the manner of implementation of its financial and economic policy;
  13. Set the rules and controls necessary for the dealings between Banks and Financial Institutions with their customers in a fair and transparent manner;
  14. Increase the public's awareness on banking and financial activities; and
  15. Carry out any other functions and transactions normally performed by central banks, as well as any duties entrusted to it under this law, or any other law, or under any international agreement to which the Government is a party.

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<sup>3</sup> This is the new Article after amendment under the Amended Law No. 24 of 2016.

#### **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)<sup>4</sup>**

The capital of the Central Bank shall be JD 48,000,000 (forty-eight 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)<sup>5</sup>**

(a) The Central Bank shall maintain a general reserve, into which 20% (twenty per centum) of the net profits realized by the Central Bank during each financial year shall be paid. The remaining amount (namely eighty per centum) of the annual net profits shall be paid to the Government.

(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.

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<sup>4</sup> This is the new Article after amendment under the Amended Law No. 24 of 2016.

<sup>5</sup> This is the new Article after amendment under the Amended Law No. 24 of 2016.

(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 that 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)<sup>6</sup>**

- (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 six members to be 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, reappointment and resignation.
- (c) The member shall be appointed by a decision of the Council of Ministers for a term of three years, and may be reappointed for only one term with the approval of His Majesty the King of the appointment, reappointment and resignation.
- (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.
- (e) Notice of such appointments shall be published in the Official Gazette.

##### **Article (11)<sup>7</sup>**

- (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.

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<sup>6</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

<sup>7</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

- (b) A quorum for any meeting shall consist of at least five 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 taken by the committee, 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)<sup>8</sup>**

The Board shall exercise the following powers:

- (a) Consider and formulate the general policy of the Central Bank;
- (b) Develop draft regulations, not inconsistent with the provisions of this Law, for the regulation of the Central Bank and administration of its affairs;
- (c) Set internal rules for the administration of the affairs of the Bank or authorize the Governor to issue such rules;
- (d) 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) Open or close branches for the Central Bank;
- (f) Appoint advisors to the Central Bank for fixed periods on such terms and conditions as may be decided by the Board;
- (g) 1- 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;

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<sup>8</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

2- 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- Approve and revoke the licenses of financial institutions in accordance with the legislation in force.

- (h) Authorize dealing in foreign exchange and revoke such authorization in accordance with the laws, regulations, and directives applicable in this respect;
- (i) Form an audit committee, a risk management committee, and any other committees to enable the Board to carry out duties, provided that members of such committee may not be less than three members of the Board and that neither the Central Bank's Governor nor Deputy Governors may be members of the audit committee;
- (j) Approve the policies relating to the National Payments System;
- (k) Approve the credit facilities extended by the Central Bank to the Governor or the Deputy Governor for housing purposes; and
- (l) 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 with respect to 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 obligations on the Central Bank, in accordance with the rules and regulations as may be decided in this regard;
- (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; and
- (e) Appear before any Parliamentary Committee which may be entrusted with considering the affairs of the Central Bank or the laws relating to its functions, and publish any press reports or statements explaining the policy and measures adopted by the Central Bank.

#### **Article (15)**

The Governor may delegate to one 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 that involve financial obligations 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 returns to work.

#### **Article (17)<sup>9</sup>**

- (a) 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

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<sup>9</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.



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 entity, 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.

- (b) The Governor, Deputy Governors, members of the Board, and staff of the Central Bank shall practice the powers vested in them under the provisions of this Law and the legislation in force independently and without any influence or interference from any party.

#### **Article (18)**

- (a) The Council of Ministers shall determine the salaries and regular allowances of the Governor and Deputy Governors, and the remunerations 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 end-of-service compensation of the Governor and 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, 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 wording set out in Appendix 1 to this Law.

## **Article (20)<sup>10</sup>**

- (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.
- (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; or
  - 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 either of the following cases:
  - 1. If he is found to be unfit to execute his duties by a decision of the High Medical Committee of the Government; or
  - 2. 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 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 any of 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.

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<sup>10</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

#### **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, and 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 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)<sup>11</sup>**

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.

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<sup>11</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

**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 financial 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 disfigured. The refund of the value of any such notes or coins and the conditions for refund of their value shall be determined 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 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)**<sup>12</sup>

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;
- (f) Any foreign currency assets including credit balances in favor of the Kingdom under payments and setoff agreements; and
- (g) Negotiable Government securities.

**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.

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<sup>12</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

### **Article (33)**

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

- (a) 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; and
- (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)**<sup>13</sup>

- (a) The Central Bank shall assume responsibility for the implementation of any payments agreement to which the Kingdom is a party, and take the necessary measures to ensure interconnection with international payment systems.
- (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.

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<sup>13</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

## PART VI

### RELATIONS WITH BANKS AND SPECIALIZED CREDIT INSTITUTIONS

#### Article (37)<sup>14</sup>

- (a) The Central Bank shall open accounts for, and accept deposits from 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 Banks with services for inter-bank 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 Banks as it may deem fit after consultation with these Banks.
- (d) The Central Bank, in participation with Banks and financial institutions, may establish an institute for banking studies under a special regulation 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)<sup>15</sup>

- (a) The Central Bank may discount or rediscount for, sell to, or buy from Banks the following:
  - 1. Government securities;
  - 2. Securities issued by the Central Bank;
  - 3. Bonds and promissory notes and bills issued in the Kingdom, provided they meet the conditions set by the Central Bank whether in terms of the business sectors and economic activities they finance or in terms of their maturity dates and discount provisions.
- (b) The Central Bank may grant Banks and Specialized Credit Institutions advances or funding as per the terms and regulations as it deems appropriate, ensuring that their full

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<sup>14</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

<sup>15</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

values are guaranteed under any of the securities, bonds and promissory notes and bills referred to in paragraph (a) of this Article or under any guarantees or other arrangements the Board deems appropriate.

**Article (40)**<sup>16</sup>

Should the Central Bank find that the activity of any financial institution affects any of its objectives and functions under the provisions of this Law, it has the right to deal with it in accordance with the terms and controls that the Board deems appropriate.

**Article (41)**<sup>17</sup>

- (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 Banks and Specialized Credit Institutions.
- (c) In emergency conditions that might threaten the monetary or financial stability in the Kingdom and under the conditions determined by the Board, the Central Bank may grant exceptional liquidity facilities to the bank if the assessment indicators of its financial conditions reflect its ability to continue its activity.

**Article (42)**<sup>18</sup>

- (a) The Central Bank shall require Banks to deposit a compulsory cash reserve with the Central Bank as a percentage or percentages of their various types of deposits to be determined under special instructions issued for this purpose. 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 become effective after at least thirty days from the Central Bank's written notice thereof to the Banks.
- (c) The Central Bank shall prescribe the method of computing the compulsory cash reserve.
- (d) The Central Bank shall impose on any Bank whose compulsory cash reserve falls below the prescribed percentage a fine equal to JD 1,000 or 1/3650 of the amount of the shortage, whichever is greater, for every day during which the shortage continues. The

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<sup>16</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

<sup>17</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

<sup>18</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.



- amount of such fine shall be debited to the account of the Bank concerned with the Central Bank, and shall be transferred on a monthly basis to the account of the Treasury. Any Bank on which such fine is imposed shall submit a statement on a form designed 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 Banks and the Specialized Credit Institutions orders to be published in the Official Gazette and through other media of public information prescribing the following:

- (a) The minimum and maximum interest rates which the 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 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 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 Banks and Financial Companies may charge their clients interests and commissions and pay them interests in accordance with regulatory 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 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 Banks limiting the volume of the investments 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 Banks not to publish its final 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. Accordingly, it shall publish such final statements and balance sheets 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)<sup>19</sup>**

- (a) Government departments, public official institutions, public institutions, banks, specialized credit institutions, financial institutions, and other entities under the supervision of the Central Bank shall furnish the latter with any documents, data or information it deems necessary to enable it to carry out its tasks set forth in this Law and the legislation in force.
- (b) 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 Bank which violates any of the provisions of this Law or the regulations, 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 Bank from carrying out certain transactions, and imposing such limitations on its credit transactions as the Central Bank may deem fit;
- (d) Appointing a temporary controller to supervise the Bank's activities; and/or
- (e) Revoking its License.

## **PART VII**

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<sup>19</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

## 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)<sup>20</sup>

- (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. Managing the issuance of government securities 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; and
  - 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)<sup>21</sup>

- (a) Notwithstanding the provisions of the Securities Law:
  - 1. The Central Bank shall register, deposit, hold, transfer ownership, and conduct clearing and settlement transactions on government securities, and record all transactions effected thereon.
  - 2. The Central Bank may, after consultation with the Minister of Finance, delegate any of the functions and duties referred to in clause (1) of this paragraph to any entity or person.

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<sup>20</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

<sup>21</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

- (b) The Central Bank may purchase and sell nominal or government bearer securities, and may hold them in safe custody for their owners.

**Article (50)<sup>22</sup>**

- (a) The Central Bank undertakes control and supervision of the National Payments System.
- (b) The Central Bank may determine the payment, clearance or settlement systems managed by it.
- (c) The Central Bank shall verify the integrity and efficiency of any payment systems that are managed or operated by any government department, public official institution or public institution. The Central Bank may request any data or information about them if it views that such entity has an impact on the financial stability in the Kingdom, and may take any of the actions it deems necessary.
- (d) Notwithstanding the provisions of any other legislation, the orders of payment, transfer or settlement arising from clearance transactions in the payment systems licensed or managed by the Central Bank shall be considered, as determined by the system rules, final and irrevocable after the execution thereof for any reason, including transactions relating to any liquidator or trustee in bankruptcy, without prejudice to the right of relevant parties to have recourse against one another based on the principal right.
- (e)
  1. The Central Bank may request the necessary guarantees and securities to cover the obligations and dues related to the payment service providers, and payment system managers and operators, as well as subscribers.
  2. Guarantees and warranties presented with regard to the payment, setoff and settlement systems, referred to in clause (1) of this paragraph, may not be used except for the purpose for which they have been provided.
  3. No claim to reverse, cancel or invalidate any payment or settlement already effected may be accepted as a result of the liquidation of guarantees and warranties referred to in this paragraph.
- (f)
  1. The Central Bank shall set the principles of separation between the funds of payment service providers and those of clients in accordance with the instructions it issues for this purpose.
  2. Notwithstanding the provisions of any other legislation, and for the purpose of this article, no judicial sequestration may be effected on the funds of clients kept with the payment service companies and such funds shall not be considered as part

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<sup>22</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

of the assets of those companies in the event of the liquidation or bankruptcy thereof.

**Article (51)**

The Central Bank shall not extend credit facilities to the Government or 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 of the Kingdom.

**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 granted to the Government or to any public institution, the Government or public institution shall seek the advice of the Governor about the effect of such loan or credit on the monetary stability and external 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)<sup>23</sup>**

The Central Bank may, without contradicting any of its objectives, own or waive any shares, portions or units in the capitals of any financial or banking companies or institutions inside or outside the Kingdom, according to the terms and procedures approved by the Board and ratified by the Council of Ministers for each individual case.

## **PART VIII**

### **General Provisions**

#### **Article (56)**

- (a) Any loss or profit arising from the re-valuation 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.

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<sup>23</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

### **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)<sup>24</sup>**

- (a) 1. The Central Bank shall prepare the financial statements at the end of the fiscal year in accordance with the provisions of this Law.  
2. When preparing the financial statements referred to in clause (1) of this paragraph, the Central Bank may apply the best practices adopted by central banks and relevant international standards.
- (b) 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)<sup>25</sup>**

The Council of Ministers shall appoint, on the recommendation of the Board, 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.

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<sup>24</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

<sup>25</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.

#### **Article (64)**

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

#### **Article (65)<sup>26</sup>**

- (a) 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.
- (b) The Central Bank may issue the instructions it deems necessary for the implementation of the provisions of this Law and the regulations issued thereunder.

#### **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 stating otherwise 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.

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<sup>26</sup>This is the new Article after amendment under the Amended Law No. 24 of 2016.