

Investments and Ownership

Instructions no (12/2002) dated 27/3/2002 on Banks Ownership of Shares and Stocks in Companies' Capitals

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In line with the Central Bank of Jordan's pursuit to issue adequate instructions to implement the provisions of the new Banking Law no (28) of 2000, and in order to control the risks of banks' and their subsidiaries' management of their available funds inside the kingdom as well as the investments of their foreign branches in a way that maintains financial soundness of banks; and pursuant to the provisions of items no (37/B, 38,39,98) of Banking Law on banks ownership of shares and stocks in companies' capitals, I hereby decide the following:

- 1- Banks are prohibited from acquiring a non-financial subsidiary, whether directly or indirectly.
- 2- Banks that own, whether directly or indirectly, a non-financial subsidiary/s including those which received approval from the Central Bank of Jordan should adjust their situations by the date of 2/8/2002.
- 3- Banks' ownership share, whether held directly or indirectly, in any company whose objectives do not include acceptance of deposits must not exceed 10 percent of the company's subscribed capital.
- 4- A bank is prohibited from holding, whether directly or indirectly, stocks in any other bank or a company which accepts deposits without a prior written approval of the Central Bank of Jordan. Such ownership shall not in any case exceed 10 percent of either the bank's own subscribed capital or of the subscribed capital of the other bank or company in which the bank owns stocks, whichever is less. This prohibition shall not apply to shares already owned by banks in excess of this percentage by 2/8/2000.
- 5- A-The total contribution of any bank in the capitals of all companies, shares and stocks, should not exceed 50 percent of its own subscribed capital.
B- The above percentage includes the following:
 - 1 - Shares and stocks held by the bank itself.
 - 2 - Shares and stocks held by the bank's subsidiaries in an equal amount to the bank's contribution in the capitals of those companies.

C- In order to calculate the percentage referenced in Article (A) above only, the value of shares and stocks is calculated according to cost at purchase.

6- The following shall not count in the percentages referenced in paragraphs (3,4,5):

A- The shares and stocks acquired by a bank in settlement of a debt for the period of two years from acquisition.

B- Shares and stocks registered in the name of a bank yet owned by one or more of its clients. Such shares and stocks shall not be regarded as assets of the bank.

C -Shares and stocks in any subsidiary if such subsidiary is a bank or a financial company.

7- A- Banks which own shares or stocks in the capital of any company whose objectives do not include acceptance of deposits which exceed 10 percent of its capital must adjust their situations by the date of 2/8/2002.

B-Banks with a total contribution in the capitals of all companies exceeding 50 percent of their subscribed capital should adjust their situation to reach this percentage by the date of 2/8/2005.

8- During the endowed periods to adjust their situations, banks are prohibited from purchasing any shares or stocks that will lead to increasing their ownership's excess of 10 percent for a single company or the percentage of 50 percent of their subscribed capital for all companies.

9- Banks that own shares or stocks acquired in a settlement of debt must dispose of such shares or stocks within two years from acquisition.

10- Banks that acquire at least 5 percent of shares and stocks in the capital of any company must notify the Central Bank accordingly within 15 days as of the date of the acquisition.

11- Banks are required to provide The Central Bank of Jordan with their investments' portfolios according to the attached forms in the following arrangement:

A- Jordan branches and subsidiaries (attached to monthly statement).

B- Consolidated data (Jordan branches, subsidiaries and foreign branches) quarterly no later than the fifteenth day of the following month to the quarter which the requested data belong to.

All previous instructions which regulate banks ownership of shares and stocks in companies are cancelled including:

-Memorandum no (217/90) dated 31/10/1990.

-Memorandum no (183/93) dated 8/8/1993.

These instructions shall come into force as of date.

Forms are attached

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Investment Portfolio of the Bank.....Date

First: Trading Stocks

Number	Company's Name * (1)	Company's Subscribed Capital (2)	The number of the Stocks of the Subscribed Company (3)	The Number of stocks directly Held by the Bank in the Company's Capital (4)	The number of stocks owned indirectly by the Bank in the Company's Capital Invested in			Number of Stocks Held Directly and Indirectly by the Bank = (4)+(7) (8)	Contribution Percentage to the Company's Capital %=(8/3) (9)	Contribution Percentage to the Bank's Capital % (10)	Currency (11)	Stocks Cost at Purchase (12)	Credit Facilities Granted to Company		Managerial Relation with the Company (15)	The Number and date of the Central Bank of Jordan's Approval (16)	Notes*** (17)
					The percentage of the Bank's Contribution to the Subsidiary's Capital (5)	The Total number of stocks held by the Subsidiary in the Company's Capital (6)	The number of stocks held indirectly by the Bank in the Company's Capital =(5)*(6) (7)						Direct (13)	Indirect (14)			
A-Jordan Branches and their Subsidiaries																	
B-Foreign Branches																	
Total=(A+B)																	

* Distributed According to Approved Sectors in the Financial Market

**For Contributions in Banks Only

***Notes

1-The Details of the Transactions which Occurred during this Period to this Portfolio should be Listed with their Justifications.

2-Securities Registered in the bank's name must be listed if they are owned by a client or more and not considered assets of the bank (if any) in an Independent Report

The Following should be Listed (Client's Name, held Company's Name, Value of Stocks, Contribution Percentage)

3-Stocks Acquired through Debt and the Date of the Acquisition

Authorized Signature:

Official Seal:

Date:

Investment Portfolio of the Bank.....Date

Second: Stocks and Shares for Sale

Number	Company's Name * (1)	Company's Subscribed Capital (2)	The number of the Stocks of the Subscribed Company (3)	The Number of Stocks directly held by the Bank in the Company's Capital (4)	The number of Stocks Indirectly Owned by the Bank in the Company's Capital Invested in			Number of Stocks Directly and Indirectly Held by the Bank = (4)+(7) (8)	Contribution Percentage to the Company's Capital %=(8/3) (9)	Contribution percentage to the Bank's Capital %** (10)	Currency (11)	Stocks Cost at Purchase (12)	Credit Facilities Granted to Company		Managerial Relation with the Company (15)	The Number and date of the Central Bank of Jordan's Approval (16)	Notes*** (17)
					The Percentage of the Bank's Contribution to the Subsidiary's Capital (5)	The Total number of Stocks held by the Subsidiary in the Company's Capital (6)	The number of Stocks Indirectly held by the Bank in the Company's Capital =(5)*(6) (7)						Direct (13)	Indirect (14)			
A-Jordan Branches and																	
B-Foreign Branches																	
Total=(A+B)																	

* Distributed According to Approved Sectors in the Financial Market

**For Contributions in Banks Only

***Notes

1-The Details of the Transactions which Occurred during this Period to this Portfolio should be Listed

2-Securities Registered in the bank's name must be listed if they are owned by a client or more and not considered assets of the bank (if any) in an Independent Report

The Following should be Listed (Client's Name, held Company's Name, Value of Stocks, Contribution Ratio)

3-Stocks Acquired through Debt and the Date of the Acquisition a

Authorized Signature:

Official Seal:

Date:

Investment Portfolio of the Bank of

Third: Investments in Subsidiaries

Jordanian Dinar

Number	Name of Subsidiary	Company's Subscribed Capital	The Number of Stocks of the company invested in	Number of Stocks held by Bank	Percentage of Contribution to the Company's Capital%	Percentage of Contribution to the Bank's Capital%*	Currency	Cost	The Nature of the Company's Activities	The Legal Status of the Company	the company's Location	Credit Facilities Granted to the Company		Manegerial Relation with the Company	The Date and Number of Central Bank of Jordan's Approval	Notes
												Direct	Indirect			
	Total															
	Grand Total															

*For Contributions in Banks only

Authorised Signature
 Official Seal
 Date