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Corresponding to 4 December 2012

Memorandum to all Licensed Banks
No (67/ 2012)
Subject: Temporary Open Market Operations

Pursuant to our memorandum to licensed banks no (29/2012) dated 29/5/2012, and in line with the Central Bank of Jordan's endeavor to develop and activate monetary policy instruments that aim at providing indicators on monetary policy through influencing the amount of surpluses in reserves in the Jordanian Dinar, and to offer banks more flexibility in managing their monetary liquidity so as to support the performance of monetary and financial markets in the kingdom; the Central Bank will continue to inject liquidity in the Jordanian Dinar necessary to banks through repurchase agreements and Currency Swaps. The general conditions and procedures governing these instruments are as follows:

A- Repurchase Agreements (Repos):

- 1- These agreements are conducted with the following terms:
 - One month
 - Three months
 - Six months
 - Nine months
 - One year
- 2- These agreements are implemented according to the principle of Delivery-Versus- Payment, and government securities and securities guaranteed by the government are considered acceptable instruments for the purposes of conducting repurchase agreements.
- 3- The repurchase agreements conducted within this framework shall abide to the Master Repurchase Agreement signed between the Central Bank of Jordan and licensed banks.
- 4- Interests on the repurchase agreement are calculated on the basis of the number of the actual days, and the year is considered (365) days for that purpose.
- 5- The repurchase agreements per this instrument are performed within a fixed (quantitative) interest rate auction.
- 6- The repurchase agreements for a one day term and one week term remain valid and according to the specified conditions for each.

B- The US Dollar and Foreign Currencies Swaps:

- 1- The Central Bank may swap amounts in the US Dollar that banks place under its command with amounts of Jordanian Dinar that the Central Bank places under

their command according to the exchange rates issued by the Central Bank for that purpose and the following terms:

- One month
 - Three months
 - Six months
 - Nine months
 - One year
- 2- The minimum limit for conducting swaps in the US Dollar will be set at ten million Dollars and its multiples.
 - 3- The balance of the outstanding swap contracts of any bank with the Central Bank due to swaps must not exceed at any time the equivalent of the double of the capital and reserves of that bank.
 - 4- The outstanding balance of the swaps of any bank with the Central Bank may be raised to the triple of the capital and reserves of that bank, provided that it obtains my prior approval.
 - 5- The Central Bank will issue a daily bulletin of the US Dollar- Jordanian Dinar swap rates for the terms demonstrated in Item no (B/1), as swaps are conducted on their basis and with maturity of the same day.
 - 6- The agreement shall be conducted with the bank through the Reuter's device or fax machines before two and a half o'clock, and it shall be verified by a written request submitted no later than the following working day.
 - 7- Any delay in crediting the US Dollar amount to the Central Bank or licensed bank accounts with any of their foreign correspondents will result in an interest penalty in lieu of the delay period and with the interest rate of overdrawing accounts in the US Dollar with that correspondent during that period.
 - 8- In case of a delay in crediting the Jordanian Dinar amount, equivalent to the US Dollar amount, to the licensed bank's account, the Central Bank will assume an interest for the delay period that equals the interest rate of an overnight deposit window in the Jordanian Dinar that is valid at that date.

These instructions supersede any previous instructions issued by the Central Bank regarding US Dollar and foreign currencies swaps in return of Jordanian Dinar.

**Governor
Dr. Ziad Fariz**