



MEMORANDUM OF UNDERSTANDING
BETWEEN
BANK AL-MAGHRIB
AND
THE CENTRAL BANK OF JORDAN

The Central Bank of Morocco, public legal entity established by Dahir No. 1-59-233 of June 30, 1959 and governed by Law No. 76-03 of November 23, 2005 on its Statutes, headquartered in Rabat, represented by its Wali, Mr. Abdellatif JOUAHRI,

Hereinafter referred to as “**Bank Al-Maghrib**”,

And,

The Central Bank of Jordan, is the banking supervisor for the Hashemite Kingdom of Jordan and operates pursuant to the Central Bank of Jordan law number 23 of 1971, headquartered in Amman, represented by its Governor, Dr. Ziad Fariz,

Hereinafter referred to as “**Central Bank of Jordan**”,

Both, separately or jointly, referred to as “Authority(ies)” or “Party(ies)” for the purposes of this Agreement;

P R E A M B L E

Considering Article (112) of the Moroccan Law No. 103-12 on Credit Institutions and Similar Bodies, promulgated by Dahir No. 1-14-193 of December 24, 2014;

Considering Article (4) of the Central Bank law No. 23 of 1971 published in the official Gazette No. 2301 on 25/5/1971, as amended by the Central Bank law No. 24 of 2016;

Whereas the development of international banking and financial activities makes it essential to establish a procedure for mutual assistance and consultation in order to facilitate the performance of duties assigned to the Authorities responsible for banking supervision in Jordan and Morocco;

Whereas international standards, in particular the Core Principles for Effective Banking Supervision, as defined by the Basel Committee on Banking Supervision, require greater cooperation among banking supervisors to oversee banks with cross-border activities;

Considering the necessity to preserve stability and improve the soundness of financial systems of Jordan and Morocco, in accordance with the guidelines of the international financial community;

Desiring to formalize their cooperation in banking supervision in line with international recommendations, Bank Al-Maghrib and Central Bank of Jordan agree to base their cooperation on the principles and procedures provided in this Memorandum, subject to laws and regulations in force in Jordan and Morocco.

THE PARTIES AGREE AS FOLLOWS:

Chapter I - Definitions

Article 1

For the purposes of this Memorandum, the expressions below shall mean the following:

1. "**Host Authority**": the responsible supervisory authority of the country where cross-border establishments are established ;
2. "**Home Authority**": the responsible supervisory authority of the country where the parent banking entity or group is established;
3. "**Banking entity/group**" : institution supervised by Bank Al-Maghrib or a company licensed to engage in banking activities, in accordance with the provisions of banking law No.28 of the year 2000 published in the official Gazette No.4448 on 1/8/2000, including branches of foreign banks licensed to operate in Jordan supervised by Central Bank of Jordan;
4. "**Cross-border establishment**": is defined to include a branch, subsidiary, representative office or any entity of a Banking group supervised by an Authority (Host Authority) which gives rise to the need for consolidated supervision;
5. "**Subsidiary**": banking entity controlled by another authorized establishment (parent company) or a holding company through the ownership of greater than 50% of equity shares or voting rights;
6. "**Branch**": is a structure considered an extension of the parent bank and is not a separate legal entity, subject to the supervision of both the Host and Home Authorities;
7. "**Jurisdiction**": a territory in which a supervisor has legal authority and/or power by law;
8. "**College of supervisors**": a multilateral working group whose objectives are to enhance information exchange, cooperation and consultation between supervisors (Home Authority and Host Authorities of relevant entities) of a cross-border banking group.
9. "**Requested Authority**" the authority to whom a request is made pursuant to this Memorandum;

10. **“Requesting Authority”** the authority that makes a request pursuant to this Memorandum;

Chapter II - Purpose

Article 2

The purpose of this Memorandum is to organize and establish an arrangement between the Authorities referred to above, in various forms, for:

- The exchange of information and documentation in order to facilitate effective consolidated supervision of Cross-border establishments operating in their Jurisdiction;
- The cooperation in the field of on-site examinations;
- The coordination in difficulties management and crisis resolution (or “regarding handling of problem situations and cross-border crisis management”);
- The consultations as regard all material supervisory concerns;
- The exchange of experience.

Chapter III - Exchange of information and documentation

Article 3

The Parties may transmit, receive or exchange all information and documentation that might be useful for the performance of their respective duties, in connection with the authorization and licensing process and relating to ongoing supervision of Banking entities or groups operating in both their Jurisdiction, and handling problem situations, in compliance with the applicable laws and international obligation of each Party.

Article 4

The exchange of information and documentation may relate in particular to:

- Financial Information of Banking entities or groups especially those benefiting from guarantees and counter-guarantees of parent companies.
- To the extent reasonable and permitted by their respective laws, the Parties will share information on the capability, integrity or experience of the prospective managers, directors and shareholders holding more than 5% of

equity shares or voting rights of Banking entities or groups of cross-border establishment.

- Periodic or thematic publications as well as specific studies and analyses.
- Upon request, financial information or prudential situation and compliance to legal and regulatory framework of a Banking entity or a group in Jordan or Morocco.

Article 5

The Authorities may exchange any non-confidential document intended for internal or external use, once they are released.

Sensitive or confidential data may be shared subject to legislative provisions including banking secrecy laws, and laws relating to fighting of money laundering and terrorism financing.

Article 6

In connection with the authorization and licensing process, the Host Authority should notify the Home Authority, without delay, of applications for approval to establish a Cross-border establishment. The Host Authority can request the Home Authority to obtain any information likely to enlighten its opinion.

Article 7

Requests for information and documentation should be made in writing and sent by post and/or electronic mail to the Requested Authority. Requests should indicate the nature and list of the information sought, the degree of urgency as well as reasons for the request. The Requested Authority will endeavor to respond in a timely manner.

Article 8

Under the written request made by the Home Authority, in charge of the consolidated supervision of a Banking entity or group, the Host Authority shall provide the Requesting Authority with all required information relating to the Banking entity or group, and, where necessary, all its Branches, Subsidiaries and other affiliates subject to the Host Authority supervision.

Chapter IV - Ongoing supervision of Cross-border establishment

Article 9

In connection with the ongoing supervision of Cross-border establishment, the Authorities intend to:

- Provide each other with relevant information on significant developments or specific concerns in respect of the activities of a Cross-border establishment;
- Respond to requests for information on their respective regulatory arrangements standards and inform each other of the essential or major changes, especially those having a significant impact on the activities of Cross-border establishment;
- Inform each other of material administrative penalties imposed or other disciplinary actions taken against a Cross-border establishment. Prior notification shall be made, or as circumstances might dictate, as far as practicable and subject to applicable laws;
- Facilitate the transmission of any other relevant information that might be required to assist with the supervisory process.

Article 10

The Home Authority may, at its initiative, request the Host Authority to take part in any College of banking supervisors of cross-border establishment.

Article 11

Each Authority will endeavor to inform and consult its counterpart of any information likely to affect significantly a Cross-border establishment, as soon as it has knowledge of it.

Chapter V- On-site examinations

Article 12

In the course of their duties, the Authorities shall collaborate in on-site examinations, with respect to their respective laws and subject to this Memorandum.

Article 13

Each Authority shall communicate to its counterpart its annual program of on-site examinations regarding Cross-border establishment.

Article 14

Either Authorities may carry out, upon the request of its counterpart, alone or jointly with the latter, on-site examinations of a Cross-border establishment.

In this case the Requested Authority should provide the Requesting Authority with a copy of the report of such examinations as soon as practicable.

The terms and conditions of joint examinations will be determined by Authorities on a case-by-case basis.

Chapter VI - Handling difficulties and crisis management

Article 15

For a Cross-border establishment where its head office or parent banking organization is affected by crisis or likely to be affected, the Home and Host Authorities should consider together possible issues and barriers that may arise in cross-border cooperation, and seek potential solutions.

Article 16

The Home or the Host Authority may propose, as appropriate, to hold special meetings about a specific Cross-border establishment and its head office or parent banking organization.

Article 17

Each Authority should inform their counterparts, on a timely basis, of the arrangements for crisis management developed for a specific Cross-border establishment and its head office or parent banking supervision.

Article 18

To assist the Host Authority responsible for a specific cross-border branch or a Subsidiary, the Home Authority, where necessary, shall require:

- The head office of the Branch to provide, on a timely basis, its liquidity support measures and solutions for the Branch;

- The parent banking organization of the Subsidiary to provide, on a timely basis, its initiatives and solutions for liquidity assistance to as well as other supporting measures for the Subsidiary.

Chapter VII - Exchange of experience

Article 19

The Parties agree to promote the exchange of experience between them in all matters of common interest, in whatever form they deem appropriate, particularly seminars.

Article 20

The Authorities endeavor to facilitate the implementation of training programs for staff assigned to off-site and on-site examinations of Banking entities, for short courses. As such, they exchange their annual in-house training programs.

Article 21

Arrangements for the organization of seminars and other training and experience exchange activities and the payment of the expenses related thereto shall be decided on a case-by-case basis.

Chapter VIII - Development of cooperation

Article 22

The Parties may develop their cooperation under various forms, particularly consulting each other with regard to:

- The situation of Jordanian and Moroccan banking system;
- The changes in regulations applicable to banking sector;
- The rating systems of Banking entities in their respective jurisdictions;
- The measures for risk mitigation and management;
- The supervision of banks holding companies;
- The consolidated supervision of financial conglomerates;
- The anti-money laundering and counter-terrorism financing;
- The development of information systems;
- The supervision of micro-finance institutions;

- The deposit insurance systems;
- Any other matter of common interest.

Chapter IX - Confidentiality

Article 23

Each Party is committed to respect the rules of professional secrecy to which its counterpart is bound.

Each Party shall be solely and fully liable for its failure to abide by the provision set forth in the paragraph above.

Article 24

The information or document exchanged between the two Authorities pursuant to this Memorandum, is to be considered confidential and used only for purposes stated in the request referred to in article 7 above.

When an information requested is to be used for an administrative, disciplinary or criminal proceedings, the Requesting Authority shall inform its counterpart thereof in the request in advance or prior to the initiation of the aforementioned procedure.

Chapter X – General provisions

Article 25

At the request of either Parties, Authorities shall consult each other to decide on the amendment of this Memorandum in order to (i) solve difficulties in its application or (ii) to adapt its provisions to the changing requirements of banking supervision standards, particularly at the international level.

Article 26

In case of persistent difficulty in applying this Memorandum, the Parties agree to work together to examine the situation and decide, if appropriate, either to amend it or to suspend all or part of its provisions.

Article 27

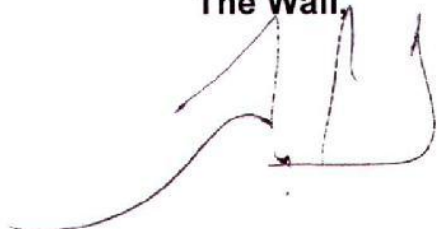
This Memorandum shall be effective from the date of its signing and is concluded for a period of one year, renewable by tacit agreement subject to the provisions of the preceding article provided, however, that the provisions set forth under the headings "Confidentiality" and "General Provisions" are to continue with respect to any information provided or actions taken under this Memorandum prior to its termination.

Article 28

This Memorandum shall become effective from the date of its signature, and contact will be between the principal contact persons set out in Annexure -A.

Done at on **29 JUN 2017**
Made in two original copies

**For Bank Al-Maghrib
The Wali,**



**Abdellatif JOUAHRI
Wali of Bank Al-Maghrib**

**For Central Bank of Jordan
The Governor,**



**Dr. Ziad Fariz
Governor of the Central Bank of
Jordan**