

**Number: 4/  
Date: 11 Raby Al-Akher 1436 Hijri  
Corresponding to 1 February 2015**

**Memorandum to all Licensed Banks**

**No. ( /2015)**

**Subject: Developing the Operational Framework of the Monetary Policy and  
Amending the Interest Rates Structure**

In line with the Central Bank of Jordan's endeavor to increase the efficiency and competence of the monetary policy in attaining its objectives of preserving the monetary stability and establishing foundations sufficient to achieve the sought- after and durable economic growth rates, it has been thereby decided to take a set of procedures and measures that aim at developing the operational framework of the monetary policy to enhance adequate response to the monetary policy tendencies and improve the operating banks' ability to effectively and competently manage their liquidity, in order to satisfy their operational needs, on one hand, and provide the growing needs of the national economy in accordance with what the Central Bank deems fit, on the other. These measures are as follows :

**First: The Development of the Operational Framework of the Monetary Policy:**

In order to improve the banks' ability to effectively and competently manage their liquidity in a way that satisfies their operational needs, on one hand, and provide the growing financing needs to the various sectors of the national economy, on the other hand, the following measures were taken:

- 1- Setting a key interest rate for the purposes of managing the monetary policy which is called "CBJ Main Rate" (currently expressed by the interest rate of the weekly repos). This measure aims at providing clear indicators on the stance of the monetary policy and its tendencies towards the monetary and economic developments both domestically and globally.
- 2- Developing liquidity management instruments as follows:
  - Issuing Certificates of deposits in the Jordanian dinar with a term of one week or more and with the size and time that the Central Bank deems fit. This step aims at drawing a specific part of banks' liquidity in a way that reflects the concept of liquidity management of terms that exceed one night. We hereby notify that these certificates will be presented in price auctions within a pricing range set by the Central Bank and according to the conditions announced for this instrument.
  - The Central Bank shall continue to accept liquidity which banks seek to deposit- after subscription in certificates of deposits- in the overnight deposit window in the Jordanian Dinar at their discretion and on the basis of the interest rate set by the Central Bank.

- The Central Bank remains willing to conduct Overnight Repurchase Agreements with banks and at their discretion. It will also continue to perform outright and temporary open market operations pursuant to circulars no (29/ 2012) and (33/ 2012) sent to all banks and issued by the Central Bank whenever the circumstances necessitate.

**Second:- The Amending of the Structure of Interest Rates on monetary Policy Instruments:**

It has been decided to amend the structure of interest rates as of Tuesday dated 3/2/2015 as follows:

- **Reducing the Rediscount Interest Rate from (4.25%) to (4.0%).**
- **Reducing the Overnight Repurchase Agreement Rate from (4.0%) to (3.75%).**
- **The CBJ Main Rate is 2.75%** "currently expressed by the weekly Repurchase Agreements rate." The interest rate on certificates of deposits will be within the range of (2.50%-2.75%).
- **Reducing the Overnight Deposit Window rate from 2.75% to 1.75%.**

**This decree is valid as of Tuesday dated 03/02/2015.**

**Governor  
Dr. Ziad Fariz**