



No.: 9/3/17/10634
Date: 21/11/1440 Hijri
Corresponding to: 24/7/2019

Circular to all Licensed Money Exchange Companies

Subject: Instructions on obtaining a loan from the shareholders/ credit from licensed banks in the Kingdom for licensed Money Exchange Companies

Pursuant to the provisions of Articles (12/ B) and (19/ A) of Money Exchange Business Law No. (44) Of 2015, I hereby provide you with the Instructions on obtaining a loan from the shareholders/ credit from licensed banks in the Kingdom for licensed money exchange companies issued in accordance with the Central Bank of Jordan board's decision No. (172/ 2019) dated 4/7/2019.

Governor

Dr. Ziad Fariz

Instructions on obtaining a loan from the shareholders/ credit from licensed banks in the Kingdom for licensed money exchange companies issued in accordance with the Central Bank of Jordan board's decision No. (172/ 2019) dated 4/7/2019 pursuant to the provisions of Articles (12/ B) and (19/ A) of Money Exchange Business Law No. (44) Of 2015.

Article (1):

The money exchange company that intends to obtain a loan from the shareholders/ credit from licensed banks in the Kingdom shall seek the approval of the Central Bank, on the form prepared for this purpose, which shall be signed by the authorized signatories and stamped with the official seal of the company.

Article (2):

The money exchange company shall attach to the form referred to in Article (1) above its financial position, which reflects its financial situation at the day of requesting the approval, signed by the chartered accountant.

Article (3):

When examining the request submitted by the money exchange company that seeks the central bank's approval to obtain a loan from the shareholders/ credit from licensed banks, the following shall be considered:

- A. The company shall have been operating for two years at least.
- B. The extent of the company's compliance with all applied legislations in force in the kingdom, in particular, the money exchange business law and the instructions associated with combating Money Laundering and Terrorist Financing (AML/ CFT) related to the money exchange companies.
- C. At least one year shall have passed since the company paid off the previous loan granted to it by the shareholders/ licensed banks in the Kingdom.

Article (4):

The loan obtained from the shareholders/ credit from licensed banks in the kingdom must meet the following conditions:

- A. It shall be held under the money exchange company's name and not under the name of the shareholders.
- B. It shall be used for the company's operational activity, and to provide the Central Bank with the company's repayment plan.
- C. The total balance of the loan including its interest should not exceed at any time 50% of the company's paid- up capital, while the interest of the loan granted by the shareholders of the company shall not exceed the average interest rate prevailing at the date of granting the loan.
- D. The maturity period of the loan shall not exceed two years, and the company can request to extend the maturity period of the loan/ credit or part of it up to a total of three years from the date of granting the loan/ credit.
- E. It is not permissible to mortgage the shareholders' shares in the capital of the money exchange company for the purposes of obtaining credit from licensed banks in the Kingdom. Furthermore, it is not permissible to mortgage any of the company's assets except for the purposes of obtaining credit related to the financial guarantees specified in accordance with the provisions of Article 5/ b of the law or as per the prior approval of the Central Bank of Jordan as a guarantee against the credit provided for, exclusively, purchasing a fixed asset for the company's operational activities. In all cases, the company must inform the Central Bank of Jordan of the nature of the guarantee provided to obtain the credit.

Article (5):

With due consideration of the provisions of Articles 1, 2 and 3 of these Instructions, the company that intends to obtain a subsidiary loan from the company's shareholders shall attach the application submitted for the approval of the Central Bank with the following:

1. Feasibility study for the expected financial impact of the subsidiary loan on the company's business
2. The company's repayment plan, as it should begin to repay such a loan after two years from the date of obtaining it.

Article (6):

The subsidiary loan to be obtained from the shareholders must be of the following characteristics:

- A. It must be interest free and be used for the purposes of backing the company's capital and its operational activities.
- B. It must not exceed (100%) of the company's paid-up capital at any time, and it is not, in any way, permitted to mortgage any of the company's assets as a collateral for this loan.
- C. The maturity period of the subsidiary loan must not be less than five years, and the loan must not be repayable earlier than the original maturity date, whether in whole for the entire amount of the loan or in part of it.
- D. After informing the central bank, the company may cover the whole amount of the loss, or part thereof, incurred at the end of the financial period by reducing the outstanding balance of the subsidiary loan from the shareholders in the company. This can be done only for once if there are no, at that time, rounded profits from the previous financial period/ periods.

- E. The agreement concluded between the company and the shareholders who provided the loan shall include clauses that take into account the above conditions.
- F. The company shall not obtain a subsidiary loan from the shareholders for more than two times during the company's lifetime.

Article (7):

A money exchange company that is granted the approval to obtain a loan/ subsidiary loan from the company's shareholders/ credit from licensed banks in the Kingdom must provide the Central Bank of Jordan with the following:

- A. Copy of the agreement concluded between the company and the shareholders/ licensed banks in the Kingdom showing the conditions for granting the loan/ credit.
- B. The outstanding balance of the loan/ subsidiary loan/ credit, evidence of paying due amounts on the due date, in addition to a record of transactions made on the loan/ subsidiary loan obtained from the company's shareholders/ credit from licensed banks in the kingdom on a semi- annual basis. Such is to be received by the central bank in no later than the tenth day of the month following the period for which this statement is prepared, taking into account that the chartered accountant certifies it in the event that the loan is granted from the company's shareholders.

Article (8):

The credit obtained in favor of one of the official authorities in the kingdom shall be excluded from these instructions, provided that all adequate details about it are sent to the central bank.

Article (9):

The money exchange company shall include detailed clarifications about the outstanding balance of the loan/ subsidiary loan obtained from the shareholders/ credit granted by the licensed banks in the kingdom as part of the clarifications related to the company's final financial statements. The company must take into account that these clarifications include at least the ceiling of the loan/ subsidiary loan/ granted credit, its duration, its outstanding balance, its payments amounts and mechanism, interest rate, commission and its amounts, and the remaining period until the maturity date, wherever applicable.

Article (10):

Fulfilling the above mentioned conditions and requirements for obtaining loan/ subsidiary loan from the shareholders/credit from licensed banks in the kingdom is considered as a basis for examining the money exchange company's application submitted in this regard and it does not necessarily mean the approval of the Central bank on that application.

Article (11):

The money exchange company must not provide loans or any kind of credit including pledges of other parties.

Article (12):

These instructions shall enter into force as of date, and the instructions of obtaining a loan/ credit facilities for licensed money exchange companies No. (1/2011) issued by the Central Bank board's decision No. (48/2011) dated 28/4/2011 based on the provisions of articles (14/b) and (15/a) of the money exchange law No. (26) of 1992, and which have been amended by the board's decision No. (88/2012) dated 19/7/2012 shall be cancelled.

An application to request the approval for a money exchange company to obtain a loan from the company's shareholders/ credit from licensed banks in the kingdom

Date: -----

Company Name: -----

We kindly request the approval for the company to obtain a loan from the company shareholders/ credit from licensed banks in the kingdom based on the data provided below:

Loan/ Credit amount: (.....) Jordanian Dinar

Loan/ credit Source:

- Loan from the shareholders
- Subsidiary loan from the shareholders
- Credit from licensed banks in the kingdom

Interest rate for loan/ credit: (..... %)

Paid commission and its percentage:

Loan/ credit period:

(.....) year , (.....) month

Paying method:

- Onetime payment at the end of the period
- Monthly installments each for (.....) JD
- (.....) Installments each for (.....)JD

Loan/ credit purpose:

1.
2.

Insurance Amount (If Any) (.....) JD

Insurance Source (If Any)

The date of last obtained Loan/ Credit (If Any).....

The date of last payment of the last loan/ Credit (If Any).....

We commit to provide the Central Bank of Jordan upon request with any data related to the above Loan/ Credit.

Name and Signature of the company signatories

Company Seal