

10/2/4154  
24/3/1427 Hijri  
23/4/2006

**Treasury Stocks Instructions**  
**No. (28/2006)**  
**Issued by the Central Bank of Jordan**  
**Pursuant to the Provisions of Article (99/B) of the Banking Law**  
**No. (28) of the Year 2000**

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Banks are allowed to purchase shares of their own stocks to become treasury stocks, in accordance with the following:

**First:** Apply in writing to obtain prior approval from the Central Bank of Jordan, before commencing with any procedure towards purchasing treasury stocks. The application shall include: Bank Board of Directors' approval, reasons requiring this procedure (such as maintaining market price stability of the stocks, maintaining stocks profitability, distribution of stocks as grants to shareholders and / or bank employees, attracting a strategic investor to whom the stocks will be sold at a later stage...etc.), and the effects of purchase operation on the bank's financial position in general.

**Second:** The maximum permissible limit for purchasing treasury stocks is (5%) of the bank's paid – up capital, provided that:

1. The bank has recognized net profits over the past two years.
2. The bank paid – up capital is higher than the minimum required limit by at least the nominal value amount of the treasury stocks to be purchased.
3. An equivalent amount of the cost of outstanding treasury stocks is maintained at the bank as part of the unrestricted balances of reserves (with the exception of the legal reserve) and retained earnings at the outset and ongoing.
4. Maintaining a capital adequacy ratio of at least (1%) above the minimum limit required by the Central Bank.
5. The bank shall not violate any ratios and financial indicators such as the liquidity ratio, credit concentration ratio, investments in stocks to paid – up capital ratio, as well as any other ratios specified by the Central Bank.

**Third:**

1. The bank may not increase its capital by issuing stocks or capitalizing its reserves and profits before dealing conclusively with the treasury stocks.
2. The bank may not purchase treasury stocks until after at least six months have elapsed since the last capital increase, whether the increase is through capitalization or issue of stocks for subscription. The Central Bank may, in exceptional and justified situations, authorize the purchase of treasury stocks by a bank before this period has elapsed.

**Fourth:** The bank may sell treasury stocks to a strategic partner and/or sell / distribute them to shareholders and / or employees based on a decision by its Board of Directors and the prior approval of the Central Bank.

**Fifth:** The Chairman and members of the Board of Directors and their related parties, or any party connected to the bank including subsidiaries, may not deal with treasury stocks. Furthermore, the banks' employees Provident Funds may not deal with these treasury stocks.

**Sixth:**

1. Verification, recording and disclosure of treasury stocks shall be done in accordance with international financial reporting standards.
2. The Central Bank may set any additional terms and conditions it sees fit when looking into applications for purchasing treasury stocks.

**Seventh:**

1. The bank shall adhere to other laws and instructions that govern trading in treasury stocks operations without violating what was mentioned above.
2. Instructions No. (25/2006) dated 7/3/2006 are hereby repealed.
3. These instructions shall come into force as of this date.

The Governor  
Dr. Umayya Toukan