



Memorandum of Understanding

Between

The Central Bank of Jordan

and

The State Bank of Pakistan

In the field of Banking Supervision

Memorandum of Understanding

This Memorandum of Understanding ("MoU") is made on 10th day of Oct. 2016 between:

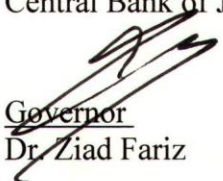
- A. The Central Bank of Jordan (hereinafter referred to as the " Central bank "), the regulator and supervisor of banks in The Hashemite Kingdom of Jordan constituted under the Central Bank of Jordan Law No.23 of 1971.
- B. The State Bank of Pakistan[(hereinafter referred to as the " State bank ") the central bank for Islamic Republic of Pakistan, constituted under the SBP Act, 1956 (Act No. XXXIII of 1956).

1. The Central bank and the State bank, hereinafter referred to as the "Parties" and each as a "Party", mutually desire to enhance bilateral relationships in banking supervision, on the basis of mutual trust and willingness, and to share supervisory information and banking regulation in accordance with the recommendations and resolutions of the Basel Committee on Banking supervision and as laid down in the Basel Committee's Concordat and the Core principles for Effective Banking Supervision (hereinafter referred to as "Core principles"); and to facilitate cooperation for effective consolidated supervision of banks operating in both countries and performance of their respective duties for safe and sound functioning of banks in their respective jurisdictions.
2. In their stated aim of strengthened existing relations between both Parties banking supervisors of the banking sector of the two countries, each party will encourage the establishment and operation of banks in both countries, in accordance with relevant local laws and regulations.
3. In licensing banking activities, the Parties agree that in connection with the authorization process for operation of the bank in the other Party's jurisdiction, and in accordance with the Core Principles, each Party will, as applicable;
 - (a) notify the other Party without delay, of applications for approval to establish branches/subsidiaries/affiliates/ joint ventures or make acquisitions of financial institutions, licensed or supervised by the Party giving notice;
 - (b) upon request, notify the other Party whether the applicant bank, coming under its supervisory oversight is in substantial compliance with the local banking laws and regulation and whether the bank may be expected, given its administrative structure and internal controls, to manage the cross-border establishment in an orderly manner;
 - (c) assist the other Party by verifying or supplementing any information submitted by any applicant bank;

- (d) inform the other Party about the nature of its regulatory system and the extent to which it will conduct consolidated supervision over any applicant bank;
 - (e) inform the other Party about the scope of its supervision of any applicant bank and indicate any specific features that might give rise to the need for special arrangements; and
 - (f) to the extent reasonably permitted by the laws governing each Party, the Parties shall share information on the fitness and suitability of prospective directors, managers and relevant shareholders of a cross-border establishment.
4. In exchanging supervisory information, the Parties shall, on a reciprocal basis, share and exchange information with mutual understanding if it is not prohibited under any other law for the time being enforced in their respective jurisdictions.
5. In connection with ongoing supervision of banks with cross border branches the parties agree to:
- (a) Provide relevant information of material developments or supervisory concerns regarding the operations of a cross-border establishment;
 - (b) Respond to requests for information on regulatory systems and inform each other about significant changes, in particular those which have a material bearing in the activities of cross-border establishments;
 - (c) Inform each other of material administrative penalties or sanctions imposed, or other formal enforcement action taken, against relevant cross-border establishments. Prior notification shall be made, as far as practicable and subject to applicable laws;
 - (d) Subject to applicable laws; facilitate the transmission of any other relevant information that might be required to assist the supervisory process;
 - (e) and make all requests for information in writing, provided that where a party perceives a need for expedited action, requests may be initiated in any form but must be confirmed subsequently in writing.
6. The Parties agree that all possible and reasonable steps will be taken to preserve the confidentiality of information received pursuant to this MoU and to ensure that employees of the Parties hold confidential all information obtained in the course of their duties.
7. It is agreed that any confidential information received by either Party from the other should be used exclusively for lawful supervisory purposes and if the information is to be used for any purpose other than supervisory, prior written permission from the originator of the information must be obtained.

8. Unless disclosure is legally compelled, no supervisory information received by either Party in accordance to this MoU shall be passed to third party without the prior consultation and consent of the Party provided this information. In the event that the Party receiving such information is legally compelled to disclose it, this Party shall consult with the Party that originated the information clarifying what information is to disclose and for what purposes. The Party compelled to disclosure ensures that best endeavors will be used to preserve the confidentiality of the information to the extent permitted by the relevant law.
9. Any modification or amendment deemed necessary to this MoU will be made with both Parties mutual consent expressed in a written agreement.
10. Any difference and dispute arising out of the implementation of this Memorandum of Understanding will be settled between the parties with mutual (written) consent.
11. This MoU shall not be legally binding on the Parties.
12. This MoU shall enter into force on the date of exchange of notifications, by the Parties on completion of their respective internal formalities for entry into force of this MoU. If any Party is desirous of terminating this Memorandum of Understanding then that Party shall give written notice to the other party of its desire to terminate this Memorandum. Such termination will be effective one month after the date of such notice.
13. This MoU is executed in two authentic copies, each written in English language.

Central Bank of Jordan


Governor
Dr. Ziad Fariz

State Bank of Pakistan


Governor
Mr. Ashraf Mahmood Wathra