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## **Instructions on Licensing and Existence of Microfinance Companies**

**No. (62/2016)**

### **Issued pursuant to the provisions of Article (26) of Microfinance Companies Bylaw No. (5) of 2015**

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#### **Article 1:**

These Instructions shall be called the "Instructions on Licensing and Existence of Microfinance Companies", and shall cover the following key issues: (microfinance standards; granting finance in accordance with the provisions of the Islamic Jurisprudence "Sharia"; requirements of licensing and rectification of positions; fit and proper for the Board of Directors/ Management Committee, senior executive management, and Islamic Jurisprudence "Sharia" Supervisory Board; and internal and external existence).

#### **Article 2:**

A. The following words and phrases, wherever used in these Instructions, shall have the meanings assigned to them hereunder, unless the context indicates otherwise:

**The Kingdom** : The Hashemite Kingdom of Jordan

**The Bylaw** : Microfinance Companies Bylaw No. (5) of 2015.

**The Central Bank** : The Central Bank of Jordan

**The Company** : The microfinance company.

**Financing** : Different types of finance based on non-interest basis and provided in accordance with the provisions and principles of the Islamic Jurisprudence "Sharia".

**The Consumption Loans/ Finance** : Different types of loans/ finances granted to individuals to finance the purchase of goods and services, and this could include for example the loans/ finances granted to education, health, property maintenance, and buying cars.

**Company/  
Microenterprise** : The company/ enterprise whose total assets or annual sales/ revenues are less than (100,000) JD, and the number of employees working in it is less than (5) employees.

**Company/  
Small enterprise** : The company/ enterprise whose total assets or annual sales/ revenues between (100,000- 1,000,000) JD, and the number of employees working in it between (5-20) employees.

- B. The words and phrases mentioned in these Instructions shall have the meanings assigned to them in the Bylaw, unless the context indicates otherwise.

### **Microfinance Standards**

#### **Article 3:**

The loan/ finance granted within the microfinance activity shall apply if the following qualification standards are met:

- A. Standard of purpose of the loan or finance:

The main purpose of the loan/ finance granted by the company is funding and developing productivity projects to contribute in the alleviation of poverty and unemployment, and achievement the clients' self-sufficiency. The company may grant consumption loans/ finances to improve the living standards of clients according to the measures determined by the Central Bank for this purpose.

- B. Standard of the Client

The company shall grant the loan or finance to the following categories of clients:

- Low-income people.
- People who could not, in whole or in part, obtain the financial services from the banking sector.
- Microenterprises and small enterprises.

- C. Standard of Maximum Value and **Granulite**

The maximum loan/ finance granted by the company to any client shall be (%0,2) of the total outstanding balance of the credit portfolio at the end of the month preceding the date of approval of the grant and by no more than (20) thousands JD for the loan/ finance granted to an individual for the first time, (50) thousands JD for the loan/ finance granted to the microenterprise for the first time, and (70) thousands JD for the loan/ finance granted to the small enterprise for the first time. In case it's a newly established company, the maximum loan/ finance granted shall be (10) thousands JD to individuals, (20) thousands JD to Microenterprise, (30) thousands JD to small enterprise, during the first three

years of the license or until these amounts become less than the ratio mentioned previously.

### **Grant of Finance according to the Provisions of the Islamic Jurisprudence "Sharia"**

#### **Article 4:**

When granting the finance according to the provisions of the Islamic Jurisprudence "Sharia", the company shall:

- A. Provide financing services through a separate window in case of the combination between grant of loans and finance. It is preferable to provide the financing services through an independent company or a subsidiary.
- B. Disclose in the financial statements and the annual reports according to requirements of accounting and auditing, including standard No. (18) issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- C. Maintain separate accounting records of resources and use of funds.
- D. Provide qualified and trained staff on the financing business according to the provisions of the Islamic Jurisprudence "Sharia".
- E. Prepare a credit policy for the Islamic products, or allocate a separate chapter for this within the credit policy of the company.
- F. Appoint permanent Sharia controller with necessary expertise and knowledge upon the approval of the Islamic Jurisprudence "Sharia" Supervisory Board. He/she shall be assigned the following tasks:
  1. Examining and evaluating the adequacy and effectiveness of the Islamic Jurisprudence control system of the company.
  2. Following-up the company's management commitment to decisions, opinions (*Fatwa*) and Islamic aspects issued by the Islamic Jurisprudence "Sharia" Supervisory Board.
  3. Developing the annual Jurisprudence audit plan and committing to implement its provision. Such plan shall be approved by the Islamic Jurisprudence "Sharia" Supervisory Board.

#### **Article 5:**

In addition to granting loans or financing according to the provisions of the Islamic Jurisprudence "Sharia", the microfinance companies may exercise the activities associated with their business as identified in Article (8/A) of the Bylaw.

## **Requirements of licensing and rectification of positions**

### **Article 6:**

The microfinance companies that grant loans/ finances according to the standards set out in Article (3) herein shall be subject to licensing by the Central Bank.

### **Article 7:**

- A. The founders of the company shall submit the licensing application to the Central Bank according to the approved form listed in annex No. (1) of these Instructions supported by the documents required thereunder.
- B. Licensing application of a foreign microfinance company shall be submitted according to the approved form listed in annex no. (1) of these Instructions supported by the documents required thereunder, in addition to:
  - 1. The documents that prove the registration of the parent company, its shareholders and their nationalities, its authorized signatories, and the license granted to it by the supervisory authority, if any, in the home country, provided that such documents are issued and duly ratified by the competent bodies.
  - 2. Detailed list of branches of the parent company, whether inside or outside the home country.
  - 3. Approval of the Board of Directors of the parent company to work in the Kingdom.
  - 4. A written approval of the relevant supervisory authority, if any, in the home country for the company to work in the Kingdom, if its legislation requires that.
  - 5. An official letter from the relevant supervisory authority, if any, in the home country to the company stating its readiness to cooperate with the Central Bank within the aspects of the supervisory and exchange of information.
  - 6. The commitment of the parent company that its branch, which seeks license, will comply with all legislation in force in the Kingdom.
  - 7. The audited annual financial statements of the parent company for the last three years.
  - 8. The commitment of the parent company that it will notify the Central Bank of any developments that may have negative affect on its reputation or the soundness of its financial position.

### **Article 8:**

The existing microfinance companies that are governed by the provisions of Article (23) of the Bylaw shall:

- A. Provide the Central Bank with a timetable to rectify their positions within no more than (3) months of the date these Instructions come into force.
- B. Take necessary actions to rectify their positions, capital, management, business and activities to ensure compliance with the Bylaw and these Instructions.
- C. After completion of rectification of positions in line with the provisions of the Bylaw, the company should submit an application to the Central Bank in the form prepared for this purpose listed in annex No. (2) of these Instructions, signed by the members of the Board of Directors/ Management Committee and to which the following shall be attached:
  1. A copy of memorandum of association and articles of association.
  2. Organizational structure of the company, job description, financial and administrative authorities and work procedures.
  3. Evidence that the conditions and standards defined in the effective Microfinance Companies Bylaw and the instructions issued thereunder are met, with respect to the Board of Directors/ Management Committee, senior executive management, and Islamic Jurisprudence "Sharia" Supervisory Board.
  4. Annual financial statements of the company audited by its certified accountant for the last three years.
  5. Annual financial statements for each legal entity shareholder/ partner audited by a certified accountant for the last two years, if exist.
  6. The future action plan, including the expansion and branching plan, the activities and services provided and related details; estimated budgets for three years; and the assumptions and principles used in calculating forecasts and estimates.

### **Fit and Proper Criteria**

### **Article 9:**

The Board of Directors/ Management Committee, senior executive management and Islamic Jurisprudence "Sharia" supervisory board of a company must characterized by the greatest amount of credibility, integrity, efficiency, necessary experiences, commitment, ability and dedication of time for the work of the company. The Board

of Directors/ Management Committee shall be responsible for ensuring that also apply to senior executive management.

**Article 10:**

- A. Anyone to be appointed as a chairman or member of the Board of Directors/ Management Committee of a company shall:
1. Not be less than twenty five years old.
  2. Be of good conduct and reputation.
  3. Not be a member of the Board of Directors/ Management Committee of any other company practicing microfinance activity inside the Kingdom, nor shall be a general manager or an employee of such company, unless such company is a subsidiary of that company.
  4. Not be the lawyer, legal counselor or auditor of the company.
  5. Have obtained the first university degree at least in the areas of economy or finance or accounting or business administration or any other specialization if associated with an experience in connection with the business of microfinance companies.
  6. Not be an employee in the government or any public official institution unless acting as a representative on behalf of them.
  7. Have at least a three- year experience in microfinance or similar fields.
- B. The Central Bank may oppose the nomination of any person to be a member of the Board of Directors/ Management Committee if such person does not meet any of the requirements listed in clause (A) above.
- C. Whoever holds the post of the chairman or a member of the Board of Directors/ Management Committee shall sign the acknowledgment listed in annex (3) of these Instructions, and it shall be kept in the company, and a copy of which shall be sent to the Central Bank accompanied by the curriculum vitae of the member.

**Article (11):**

- A. The Board of Directors/ Management Committee shall appoint a general manager, with integrity, technical competence and financial experience. Such appointment subject to the prior approval of the Central Bank.
- B. Whoever is appointed in the senior executive management of a company shall:
1. Be of good conduct and reputation.
  2. Work on a full-time basis for managing activities of the company throughout his period of service.

3. Not be a member of the Board of Directors of any other company practicing microfinance activity inside the Kingdom, unless such company is a subsidiary of that company.
  4. Have obtained the first university degree at least in the areas economy or finance or accounting or business administration or any other specialization if associated with an experience in connection with the business of microfinance companies.
  5. Have at least a five- year experience in microfinance or similar field as to the general manager, and a three-year experience as to the remaining members of the senior executive management.
- C. Before the appointment of any member in the senior executive management, the company shall obtain the curriculum vitae of the nominee accompanied by the academic documents and certificates, experience certificates, certificate of good conduct, and any other supporting documents. The company shall ask such nominee to sign the acknowledgement listed in annex No. (4) of these Instructions, and send a copy of which to the Central Bank accompanied by the curriculum vitae of the members of the senior executive management.

**Article 12:**

- A. The Board of Directors/ Management Committee shall adopt an efficient policy to ensure the fit and proper of the members of Islamic Jurisprudence "Sharia" Supervisory Board. This policy shall include the minimum standards, requirements and conditions to be met by a member, and this policy should review when necessary; and develop sufficient procedures and regulations to make sure that all members meet standards of eligibility and continue such. The company shall provide the Central Bank with a copy of this policy.
- B. Whoever holds the post of the chairman or a member of the Islamic Jurisprudence "Sharia" Supervisory Board shall:
1. Obtained the first university degree at least in Sharia sciences such as Islamic jurisprudence and fundamentals or Islamic economy or Islamic finance.
  2. Have at least a three- year experience in providing formal Sharia opinion (*Fatwa*) and Islamic provisions and/or at least a four- year experience after graduation in teaching or scientific research.
- C. Whoever holds the post of the chairman or a member of the Board shall sign the acknowledgment listed in annex (5) of these Instructions, and it shall be kept in the company, and a copy of which shall be sent to the Central Bank accompanied by the curriculum vitae of the member.

- D. The Central Bank may oppose the nomination of any person to be a member of Islamic Jurisprudence "Sharia" Supervisory Board, if such person does not meet any of the conditions listed in clause (B) above.

**Article 13:**

- A. When appointing any members of the senior executive management and Islamic Jurisprudence "Sharia" Supervisory Board of the company, the company shall obtain the approval of the Board of Directors/ Management Committee shall be obtained.
- B. The Board of Directors/ Management Committee shall approve the Succession Plan for the members of the senior executive management, and the Board of Directors/ Management Committee shall review such plan once a year at least.
- C. The Chairman of the Board/ Management Committee shall notify the Central Bank of any material information that may negatively affect the fit and proper of any Board member/members.
- D. The Board of Directors/ Management Committee shall notify the Central Bank of any material information that may negatively affect the fit and proper of any member of the senior executive management and Islamic Jurisprudence "Sharia" Supervisory Board.
- E. The Company shall provide the Central Bank with the information related to the members of the Board of Directors/ Management Committee, senior executive management and Islamic Jurisprudence "Sharia" Supervisory Board as per the forms listed in (Annex (6/A), Annex (6/B), Annex (6/C) and Annex (6/D)) attached hereto on semiannual basis and in the event of any amendment being made.

**Local and External Existence**

**Article 14:**

The local existence of the company shall be in the form of a branch or marketing office or subsidiary. The external existence of the company shall be in the form of a branch or a subsidiary.

**Opening Branches**

**Article 15:**

- A. Each company wishing to open branches in the Kingdom shall submit a written request to the Central Bank signed by the Chairman of the Board of Directors/ Management Committee or the general manager if there is a branching plan



approved by the Board of Directors/ Management Committee. This request shall be supported with:

1. Approval of the Board of Directors/ Management Committee to this.
  2. Economic feasibility study of the branching including the estimated budget of the financial position of the branch for the first three years.
  3. Determining the geographical area in which it is intended to exist.
  4. Expected opening date.
  5. Any additional requirements or documents.
- B. When studying the branching applications, the following shall be taken into account:
1. The extent to which the company is complying with the Bylaw and the instructions issued thereunder.
  2. Soundness of the financial position of the company.
  3. The availability of the internal control systems in the company.
- C. The company shall commit to open the approved branches no later than six months from the date of approval of the Central Bank.
- D. If the branch fails to operate within the period specified in clause (C) of this article, the company may submit a written request to extend such period containing the reasons and justifications for that, provided that such request shall be submitted at least one month before the date of expiration of the approval. The extension should be for twice, for a period not exceeding three months each time.
- E. Approval to open the branch shall be deemed cancelled if the bank fails to operate within the periods set out in clauses (C) and (D) of this article. If the company still wants this branch, it shall submit a new request.
- F. The company shall notify the Central Bank, in writing, of the date of commencement of work by the branch at least one week in advance. Such notification shall include the name of the manager, the address, and telephone and fax numbers of the branch.
- G. The company may exercise its activity through movable branches according to the conditions determined by the Central Bank.
- H. The branch may not exercise microfinance activity through more than one location except the movable branch.

## **Permanent Closure of Branches**

### **Article 16:**

- A. The company wishing to permanently close any branch shall obtain the approval of the Central Bank through submitting a written request signed by the Chairman of the Board of Directors/ Management Committee or by the general manager if there is a branching plan approved by the Board of Directors/ Management Committee. Such request shall include:
  - 1. Approval of the Board of Directors / Management Committee to this.
  - 2. Reasons and justifications for closure.
  - 3. The plan of the company in this respect including how to deal with the clients' accounts, providing activities and services and the closure date.
- B. If the Central Bank approves the permanent closure of the branch, the company shall place an announcement to this end in a prominent place in the head office and the branch to be closed at least two weeks before the closure process.
- C. The company shall complete the closure process according to the period of time specified in the plan provided by the company.
- D. The company shall notify the Central bank of completion of the closure procedures, and it shall announce that in a prominent place in the head office and the relative branch and in two widely- spread local daily newspapers for three successive days.

## **Temporary Closure of Branches**

### **Article 17:**

- A. The company wishing to temporarily close any branch shall obtain the approval of the Central Bank, through submitting a written request signed by its authorized signatories. Such request shall include:
  - 1. Reasons and justifications, and required period of closure.
  - 2. The plan of the company in this respect including how to deal with the clients' accounts and providing services.
- B. The company shall complete the closure process within no more than two months of the date of approval of the Central Bank.
- C. The company shall inform clients of the given branch of that at least two weeks ahead of the closure process. This shall be made through placing an announcement in a prominent place in the head office and the given branch until

the end of the period of closure, and this shall be announced in two widely-spread local daily newspapers in the first three days of closure.

- D. The company shall inform the Central Bank of the date of re-commencement of activities by the branch, and this shall be announced in two widely- spread local daily newspapers for three successive days.

### **Permanent Transfer of Branches**

#### **Article 18:**

- A. The company wishing to transfer any branch to another place on a permanent basis shall obtain the approval of the Central Bank through submitting a written request signed by the Chairman of the Board of Directors/ Management Committee or by the general manager if there is a plan approved by the Board of Directors/ Management Committee. Such request shall include:
1. Approval of the Board of Directors/ Management Committee to this.
  2. Reasons and justifications for transfer, and the detailed plan of the company in this respect including the expected time of the transfer process.
- B. The company shall commence procedures of transfer of the branch and this transfer shall complete according to the agreed timetable, and provide the Central Bank of the date of commencement of work in the new location and the information related to the new location including the name of the manager, address and telephone and fax numbers.
- C. The company shall inform the clients of the given branch of the transfer. This shall be made by placing an announcement in a prominent place in its head office and the old place at least two weeks before the transfer process. When the transfer process is complete, the transfer process shall be announced in two widely- spread local daily newspapers for three successive days.
- D. No company may perform business in the old and the new place at the same time.

### **Temporary Transfer of the Branches**

#### **Article 19:**

- A. The company wishing to transfer any branch to another place on a temporary basis shall obtain the approval of the Central Bank through submitting a written request signed by the authorized signatories, provided that such request shall contain reasons and justifications for the transfer.

- B. The company shall provide the Central Bank with the date of commencement of business in the new location, and the information related to the temporary location including the name of the manager, the address and telephone and fax numbers.
- C. The company shall inform the clients of the given branch of the transfer. This shall be made by placing an announcement in a prominent place in its head office and the old location at least two weeks before the transfer process. When the transfer process is complete, the transfer process shall be announced in two widely- spread local daily newspapers for three successive days.
- D. The company shall inform the Central Bank of the date of re-commencement of activities by the branch in the old location, and shall inform the clients of this date through announcing in two widely- spread local daily newspapers for three successive days.

**Article 20:**

- A. The company may open a marketing office, which administratively follow to a specific branch of the company.
- B. The office may accept repayments of loans/ finances, and exercise the marketing and advertising activities in connection with activities of the company.
- C. The provisions included herein concerning opening, closure and transfer of branches shall apply to the office.

**Article 21:**

The company wishing to change form of existence ( from a branch to an office, or vice versa) shall obtain a prior approval of the Central Bank through submitting a written request signed by the authorized signatories, containing reasons and justifications for such process.

**Article 22:**

The provisions concerning transfer of branches included herein shall apply to the head office.

**Article 23:**

- A. Each company wishing to open branches outside the Kingdom shall submit a written request to the Central Bank signed by the chairman of the Board of Directors/ Management Committee supported with:
  - 1. Approval of the Board of Directors/ Management Committee to this.

2. Economic feasibility study of the branching including the estimated budget of the financial position of the branch for the first three years.
  3. Determination of country in which it is intended to open branches and the expected date of commencement of business.
- B. When studying the request of external branching, the following shall be taken into account:
1. Compliance of the company with the Bylaw and the instructions issued thereunder.
  2. Soundness of the financial position of the company.
  3. The nature of requirements and conditions required by the supervisory authority in the host country, if any.
- C. The company wishing to open branches outside the Kingdom shall meet at least the following requirements and conditions:
1. The company shall have exercised the microfinance activity in the Kingdom for minimum of (5) years.
  2. The company shall be characterized by financial soundness that enable it to exercise the activity outside the Kingdom, and that it has achieved profits during the last three years.
  3. The company shall have a policy organizing its relationships with the external branches, including inspection and internal audit.
  4. Obtaining the approval of the supervisory authority, if any, in the host country to such a branch.
  5. Providing the Central Bank with an official letter of the supervisory authority in the host country, if any, stating its readiness to cooperate with the Central Bank in the supervisory aspects and exchange of information, including the right of the Central Bank, or any entity appointed by it, to inspect the business of such branches.
- D. The company shall provide the Central Bank with:
1. Any unusual material losses once realized and any material events affecting the financial position of the branch.
  2. Summary of processes of internal auditing and inspection.
  3. Report of the certified auditor.
  4. Reports of the host supervisory authorities, if any.

5. Annual audited financial statements of the branch.
- E. After obtaining the approval, the company shall provide the Central Bank with the date of commencement of business by the branch, and the information related to name, address, and telephone and fax numbers of the branch.
- F. The provisions concerning permanent and temporary closure of the local branches shall apply to the external branches, as applicable.

**Article 24:**

No later than the end of January of every year, the company shall provide the Central Bank with statistics explaining number of branches, local marketing offices and the external branches and their locations as at the end of every year according to the form prepared for this purpose ( Annex (7/A) and (7/B)) of these Instructions.

**General Provisions**

**Article 25:**

The company shall notify the Central Bank upon acceptance of grants, gifts and financial and in-kind assistance provided by any local or external body in line with relative legislation.

**Article 26:**

The company shall develop a code of ethics to be approved by the Board of Directors/ Management Committee. Such code shall include clear principles, policies and controls on works behaviors and professional ethics. The company shall take all necessary actions to ensure that all employees of the company have read and understood such code.

**Article 27:**

The provisions of these Instructions shall apply immediately upon publication in the Official Gazette, taking into account the period during which the companies shall rectify their positions and which is set out in article (23) of the Bylaw

**Annex no. (1)**



**License Application Form for Microfinance Companies in the Hashemite Kingdom of Jordan**

- In accordance with the Microfinance Company Bylaw No. (5) of 2015, the Central Bank of Jordan is responsible to license and supervise microfinance companies. The said Bylaw includes provisions that organize requirements and procedures of licensing the exercise of the microfinance activity. Anybody wishing to apply for licensing microfinance companies should fill out this form which shall be submitted by the founders of the company.
- The applicant must ensure correctness, accuracy and comprehensiveness of the information and data provided in the application. If it is found that the information included in the form or in any of the documents attached thereto is untrue, this shall constitute a reason to cancel the license of the company pursuant to the provisions of Article (7/a/1) of the above Bylaw.
- The license application shall not be accepted, unless it meets the requirements, conditions and documents defined in annex (2) of this form.
- The initial approval shall be considered cancelled if the applicant does not meet all requirements and conditions required to obtain the final license within six months of the date of obtaining the initial approval.
- The said Bylaw is available on the website of the Central Bank of Jordan ([www.cbj.gov.jo](http://www.cbj.gov.jo)).
- Application No. at the Central Bank of Jordan..... (To be filled by the competent officer in the Central Bank).

**First: Information and Data of the Applicant Company**

1. Proposed name of the company: -----
2. Type of the company (Please, mark (X) beside the correct answer)
  - Private joint-stock company.
  - Limited Liability Company.
  - A branch of a Foreign Company.
3. Identify whether the company is a profit or a non-profit company (please, mark (X) beside the correct answer)
  - Profit
  - Non-profit
4. Number of branches the company intends to open and their locations: -----  
-----  
-----  
-----
5. The proposed address of the head office of the company (If any) -----
6. Telephone Number (If any) -----
7. Fax Number (If any) -----
8. Postal address (If any) -----
9. Website (If any) -----
10. Proposed certified auditor/ accountant -----
11. Authorized capital -----
12. Contact officer of the company with the Central Bank of Jordan

(The authorized person to receive inquires and to provide the Central Bank with any clarifications, information, data, or documents related to the submitted application - this person must be one of the applicants-):

- Full name:
- Job title:
- Work address:
- Office telephone number:
- Mobile Number:
- Fax number:
- E-mail:



**Second: Sources of Fund of the Company**

1. Paid up capital: -----

2. Maintained surplus appears on Common Equity (for non-profit company):

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3. Value and details of the grants, gifts and assistance received by the company (if any):

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-----  
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4. Value and details of the loans intended to be obtained as source of fund:

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**Third: Information about Founders of the Company**

Please, fill the necessary data of all founders of the company according to attachment no. (1).

**Acknowledgment and Undertaking**

This "Acknowledgment and Undertaking" must be signed by all founders of the company.

I do hereby acknowledge that I have read the effective Microfinance Companies Bylaw and the instructions issued thereunder, and I am aware of the information and data contained in the application form and its annexes.

I acknowledge, subject to legal liability, that all data and information contained in this application and in the attached documents are complete, true and accurate and that no any material information has not been disclosed.

Name of founder: -----

Name of authorized signatory: -----

Identification document number: -----

Signature: -----

Date: -----

(signature is to be duly ratified)

**Attachment no. (1)**

**Information about the founders of the applicant company**

<b>Name of the *founder</b>	<b>Nationality</b>	<b>Nature of activity of the founder</b>	<b>Ownership (amount)</b>	<b>Ownership percentage %</b>
<b>Total</b>				

\*Attach a list of data of shareholders/ partners who own (10%) or more of the capital of legal entity founders according to the following annex.

### Annex

<p><b>Data of shareholders/ partners who own (10%) or more of the capital of legal entity founders of the applicant company</b></p>
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Name of legal entity founder	Name of shareholder/ partner who owns (10%) or more of capital of the legal entity founder	Nationality	Nature of activity of shareholder/ partner who owns (10%) or more of capital of the legal entity founder	Ownership amount	Ownership percentage %
<b>Total</b>					

## Attachment no. (2)

### **Documents should be involved in the license application form of microfinance companies for the purpose of obtaining the initial approval**

#### **First: licensing of a Jordanian Microfinance Company**

1. A copy of the draft memorandum of association and articles of association.
2. Proposed organizational structure of the company.
3. Undertaking by the founders of the company to meet the conditions and criteria defined in the effective Microfinance Companies Bylaw and the instructions issued thereunder concerning the senior executive management of the company.
4. Economic feasibility study, including:
  - A. The estimated budget for the first three years, and the methodology used to calculate the expectations and estimates.
  - B. Action plan of the company, including the activities and services to be provided and all relevant details regarding that.
  - C. Annual financial statements audited by a certified accountant for each legal entity founder for the last two years, if any.
5. Any other requirements, and provisions determined by the orders of Central Bank of Jordan deems necessary.

#### **Second: Licensing of a foreign microfinance company**

In addition to the documents and requirements mentioned in clause (First), the following documents and requirements must be met:

1. The documents that prove registration of the parent company, its shareholders and their nationalities, its authorized signatories, and the license granted to it by the supervisory authority, if any, in the home country, provided that such documents are issued and duly ratified by the competent bodies.
2. Detailed list of all branches of the company, whether inside or outside the home country.
3. Approval of the Board of Directors of the parent company to work in the Kingdom.
4. A written approval of the relevant supervisory authority, if any, in the home country for the company to work in the Kingdom, if its legislation so requires.
5. An official letter from supervisory authority, if any, in the home country to the company stating its readiness to cooperate with the Central Bank in the supervisory aspects and exchange of information.
6. Undertaking by the parent company that its branch, which seeks license, will comply with all legislation in force in the Kingdom.
7. The audited financial statements of the parent company for the last three years.
8. Undertaking by the parent company that it will notify the Central Bank of any developments that may negatively affect its reputation/ soundness of its financial position.

Annex no. (2)



**Application Form for existing Microfinance companies in the Hashemite Kingdom of Jordan to rectify its position**

- In accordance with the Microfinance Company Bylaw No. (5) of 2015, the Central Bank of Jordan is responsible to license and supervise microfinance companies. The said Bylaw includes provisions that organize requirements and procedures for licensing the exercise of the microfinance activity. In accordance with the provisions of Article (23) of the said Bylaw, the microfinance companies existing before the date of entry into force of the Bylaw must rectify their positions, capital, management, business and activities, and to make necessary amendments to their memorandum and articles of association within no more than two years of the date the Bylaw became effective. This period shall be renewable for no more than one year upon the prior approval of the Central Bank of Jordan.
- The existing companies governed by the provisions of the Bylaw in question shall submit an application according to this form after they have rectified their positions as required, provided that such application should be submitted by members of the Board of Directors/ Management Committee, accompanied by the required documents defined in annex (2).
- The applicant must ensure correctness, accuracy and comprehensiveness of the information and data provided in the application. If it is found that the information contained in the form or in any of the documents attached thereto is untrue, this shall constitute a reason to cancel the license of the company pursuant to the provisions of Article (7/a/1) of the above Bylaw.
- The said Bylaw is available on the website of the Central Bank of Jordan ([www.cbj.gov.jo](http://www.cbj.gov.jo)).
- Application No. at the Central Bank of Jordan..... (To be filled by the competent officer in the Central Bank).

**First: Information and Data of the Applicant Company**

1. Name of the company: -----
2. Commercial name (If any): -----
3. Type of the company (please, mark (X) beside the correct answer)
  - Private joint-stock company.
  - Limited Liability Company.
  - A branch of a foreign company.
4. Identify whether the company is a profit or a non-profit company (please, mark (X) beside the correct answer)
  - Profit
  - Non-profit
5. Number of branches of the company and their locations (Detailed list to be provided) : -----  
-----
6. Address of the company -----
7. Telephone Number -----
8. Fax Number -----
9. Postal address -----
10. Website -----
11. Authorized capital -----
12. Establishment date of the company -----
13. Date of commencement of activities by the company: -----
14. Contact officer of the company with the Central Bank of Jordan:  
(The person authorized to receive inquires and to provide the Central Bank with any clarifications, information, data, or documents – this person must be one of the applicants-):
  - Full name:
  - Job title:
  - Work address:
  - Office telephone number:
  - Mobile Number:
  - Fax number:
  - E-mail:

15. Information about the certified auditor/ accountant of the company:

- Name of auditing firm/licensed accountant: -----
- No. of practicing of license: -----
- Information about representative of auditing firm/ certified accountant of the company:
  1. Full name: -----
  2. Office telephone number: -----
  3. Mobile number: -----
  4. E-mail: -----

**Second: Information about shareholders/ Partners of the Company**

Please, fill the necessary data of all shareholders/ Partners of the company according to attachment (1).

**Third: History of the Company**

1. Has any governmental body inside or outside the Hashemite Kingdom of Jordan taken any of the following actions against the company:

- Refusing acceptance of its registration or granting practicing of license; or withdrawing, cancelling or suspending its register?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
- Suspending its work, imposing fine or any other penalty upon it, or taking any prompt action against it?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
- Convicting the company of violating any of the laws or legislations in force inside or outside the Kingdome?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
- Proving responsibility of the company for any fraud, submission of untrue information, exercising illegal activities, mismanagement or misconduct?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

2. Are there any lawsuits being filed or have been filed against the company to date?

- Yes     No

If the answer to any of the above questions is (yes), please provide details for that:



**Fourth: Sources of fund for the Company**

1. Paid up capital: -----
2. Maintained surplus appears on Common Equity (for non-profit company):
3. Total equities: -----
4. Value and details of the grants, gifts and assistance received by the company (if any): -----  
-----  
-----
5. Value and details of the loans intended to be obtained as source of fund:  
-----  
-----  
-----  
-----
6. Has the company received finance from a foreign financier during the last five years?  
 Yes     No

If the answer to the above question is (yes), please provide details:

-----  
-----

**Fifth: Activities of the Company**

1. The company exercises the following activities:
  - Granting loans.
  - Granting finance according to the provisions of the Islamic Jurisprudence "Sharia".
  - Acts as insurance agent for its clients.
  - Acts as agent of providing services in connection with payment via mobile phone for its clients.

(All detailed activities exercised by the company should be attached)

2. Do the purposes of the company include any activities other than those stated in Article (8/A) of the Microfinance Company Bylaw?

Yes     No

If yes, please provide details:

-----  
-----

3. Does the company maintain Islamic Jurisprudence "Sharia" Supervisory Board, in case the company provides finance according to the provisions of the Islamic Jurisprudence "Sharia"?

Yes     No

If yes, please provide us with the names of the members of the board.

-----  
-----

4. Does the company have subsidiary/ subsidiaries?

Yes     No

If yes, please provide the documents detailing registration certificates of such companies, their shareholders, and their purposes, provided that such documents shall be issued by a competent body.

5. Does the company maintain assets other than those necessary for managing its business?

Yes     No

If yes, please provide details:

-----  
-----

6. Does the company have a written credit policy?

Yes     No

7. Does the company have securities (like stocks, bonds and Sukuk)?

Yes     No

8. Is the company a member in any system for collection of the credit information?

Yes     No

If yes, please provide the name of the system: -----

**Acknowledgment and Undertaking**

This "Acknowledgment and Undertaking" must be signed by all members of Board of Directors/ Management Committee of the company.

I do hereby acknowledge that I have read the effective Microfinance Companies Bylaw and the instructions issued thereunder, and I am aware of the information and data contained in the application form of (rectification of positions) and its annexes.

I acknowledge, subject to legal liability, that all data and information contained in this application and in the attached documents are complete, true and accurate and that no any material information has not been disclosed.

Name of member: -----

Name of authorized signatory: -----

Identification document number: -----

Signature: -----

Date: -----

(Signature is to be duly ratified)

Attachment no. (1)

<b>Information about the shareholders/ partners of the applicant company</b>
--

Name of the shareholder/ partner*	Nationality	Nature of activity of the shareholder/ partner	Ownership amount	Ownership percentage %
<b>Total</b>				

\*Attach a list of data of shareholders/ partners who own (10%) or more of the capital of legal entity shareholders/ partners according to the following annex.



## Attachment no. (2)

### Documents should be involved in the application of the existing microfinance companies to rectify its positions

#### **First: Existing Jordanian Microfinance Company**

1. A copy of the memorandum of association and articles of association.
2. Organizational structure of the company, job description, financial and administrative authorities, and business procedures.
3. Evidence that the company has met the conditions and criteria defined in the effective Microfinance Companies Bylaw and the instructions issued thereunder concerning members of the Board of Directors/ Management Committee, senior executive management and Islamic Jurisprudence "Sharia" Supervisory Board..
4. The audited financial statements of the company for the last three years.
5. Annual financial statements audited by a certified accountant for each legal entity shareholder/ partner for the last two years, if any.
6. Future action plan, including expansion and branching plan, activities and services provided and their details, the estimated budgets for the first three years, and the methodology used to calculate the expectations and estimates.

#### **Second: The existing company is a branch of a foreign microfinance company**

In addition to the documents and requirements mentioned in clause (First) above, the following documents and requirements must be met:

1. The documents that verify registration of the parent company, its shareholders and their nationalities, its authorized signatories, license granted to it by the supervisory authority, if any, in the home country, provided that such documents are issued and duly ratified by the competent bodies.
2. Detailed list of all branches of the company, whether inside or outside the home country.
3. Approval of the Board of Directors of the parent company to work in the Kingdom.
4. A written approval of the relevant supervisory authority, if any, in the home country for the company to work in the Kingdom, if its legislation so requires.
5. An official letter from supervisory authority, if any, in the home country to the company stating its readiness to cooperate with the Central Bank in the supervisory aspects and exchange of information.
6. Undertaking by the parent company that its branch, which seeks license, will comply with all legislation in force in the Kingdom.
7. The audited financial statements of the parent company for the last three years.
8. Undertaking by the parent company that it will notify the Central Bank of any developments that may negatively affect its reputation/ soundness of its financial position.

**Annex no. (3)**

**Acknowledgment of a Member of the Board of Directors/ Management  
Committee**

I....., a board/ management committee member of -----  
----- company, in my personal capacity/ representative  
of....., do hereby acknowledge that:

**1. Solvency**

- A. I have never been declared bankrupt or insolvent inside or outside the Hashemite Kingdom of Jordan (in case of rehabilitation, attached with the supporting documents).
- B. No judgment on attachment of my property, in whole or in part, has been issued against me.
- C. There are no problems in my financial position.

**2. Honesty, Integrity and Well Reputation:**

- A. I have never been convicted of any misdemeanor violating honor, public morals or trust or of any felony.
- B. I have never been subject to investigation or questioning by the Central Bank of Jordan or any supervisory body.
- C. No license of any company in which I have been a partner has been refused or withdrawn by any supervisory body.
- D. I have never been dismissed from governmental job due to breach of trust.
- E. No business or activity in which I have been a manager or a partner has been liquidated or declared bankrupt.
- F. I have never held a position in a financial institution in which I have been asked to resign due to breach of trust.
- G. I have never been a general manager, chairman or a member in the Board of Directors/ Management Committee of any company (regardless of its purposes) and such company has been compulsorily liquidated.
- H. No supervisory body has issued an order against me to be prevented from working in the microfinance companies.
- I. I have never been found in violation of any supervisory requirements whether inside or outside the Kingdom.

- K. I have never submitted any incorrect or misleading information to any supervisory body, and I have never been found misleading, hindering, uncooperative, or dishonest when dealing with it.
- L. I have never participated greatly in managing a commercial project or a company that has failed, and that the reason of such failure has been miss management.
- M. There has been no conflict between my interest and the company's.

**Additional information, if any, or any comment on any item listed in the acknowledgement:**

-----  
 -----  
 -----

**If any of the above items is met, kindly provide details:**

-----  
 -----

---

I acknowledge that all information above is true, and if there is any subsequent change to the information above, I will provide the company with it.

Name: .....

Signature: .....

Date: .....

(Signature is to be duly ratified)



**Ratification of the company:**

The company asserts the fit and proper of the nominee who signed this acknowledgment to the membership of the Board of Directors/ Management Committee according to the requirements of the Central Bank of Jordan. The company certifies that it has carefully read this acknowledgment and its attachments, and that all information listed in the acknowledgment and its attachments is accurate to the best of its knowledge.

Name of the company: .....

Name of the officer who reviewed the acknowledgment and its attachments:

Job: .....

Signature: .....

Date: .....

Seal and signature of the company:

**Attachment to the Acknowledgment of the Member of the Board of Directors/  
Management Committee**

1. Nominee's Personal Information:

Full name: -----

Title (Member of the Board of Directors/ Management Committee): -----

Nationality/ Nationalities: -----

Date and place of birth: -----

National Number/ or passport number for non-Jordanians (a copy to be enclosed):-----

Current residence address: -----

Permanent residence address: -----

Telephone No.: -----

E-mail: -----

2. Details of the academic qualifications and professional certificates obtained by the nominee:

Academic degree/ Professional certificate	Specialization	Country/ Educational Institution	Year

3. Companies in which the nominee has been a member of the Board of Directors/ Management Committee, or a member of the senior executive management during the last ten years:

Name of the company	Position	Start date of work	End date of work	Reasons beyond leaving the position

## **Annex no. (4)**

### **Acknowledgement of the member of the Senior Executive Management**

I, .....the nominee to hold a position of..... in ..... Company, do hereby acknowledge that:

#### **1. Solvency**

- A. I have never been declared bankrupt or insolvent inside or outside the Hashemite Kingdom of Jordan (in case of rehabilitation, attached with the supporting documents).
- B. No judgment on attachment of my property, in whole or in part, has been issued against me.
- C. There are no problems in my financial status.

#### **2. Honesty, Integrity and Well Reputation:**

- A. I have never been convicted of any misdemeanor violating honor, public morals or trust or of any felony.
- B. I have never been subject to investigation or questioning by the Central Bank of Jordan or any supervisory body.
- C. No license of any company in which I have been a partner has been refused or withdrawn by any supervisory body.
- D. I have never been dismissed from governmental job due to breach of trust.
- E. No business or activity in which I have been a manager or a partner has been liquidated or declared bankrupt.
- F. I have never held a position in a financial institution in which I have been asked to resign due to breach of trust.
- G. I have never been a general manager, chairman or a member in the Board of Directors/ Management Committee of any company (regardless of its purposes) and such company has been compulsorily liquidated.
- H. No supervisory body has issued an order against me to be prevented from working in the microfinance companies.
- I. I have never been found in violation of any supervisory requirements whether inside or outside the Kingdom.

- K. I have never submitted any incorrect or misleading information to any supervisory body, and I have never been found misleading, hindering, uncooperative, or dishonest when dealing with it.
- L. I have never participated greatly in managing a commercial project or a company that has failed, and that the reason of such failure has been miss management.
- M. There has been no conflict between my interest and the company's.

**Additional information, if any, or any comment on any item listed in the acknowledgement:**

-----  
-----  
-----  
-----

**If any of the above items is met, kindly provide details:**

-----  
-----  
-----

I acknowledge that all information above is true, and if there is any subsequent change to the information above, I will provide the company with it.

Name: .....

Signature: .....

Date: .....

**Ratification of the company:**

The company asserts the fit and proper of the nominee who signed this acknowledgment to the membership of the senior executive management according to the requirements of the Central Bank of Jordan. The company certifies that it has carefully read this acknowledgment and its attachments, and that all information listed in the acknowledgment and its attachments is accurate to the best of its knowledge.

Name of the company:

Name of the officer who reviewed the acknowledgment and its attachments:

Job:

Signature:

Date:

Seal and signature of the company:

**Attachment to the Acknowledgement of a member of the senior executive management**

1. Nominee's Personal Information:

Full name: -----

Title: (general manager- member of the senior executive management): -----

Nationality/ Nationalities: -----

Date and place of birth: -----

National Number/ or passport number for non-Jordanians (a copy to be enclosed):-----

Current residence address: -----

Permanent residence address: -----

Telephone No.: -----

E-mail: -----

2. Details of the academic qualifications and professional certificates obtained by the nominee:

<b>Academic degree/ professional certificate</b>	<b>Specialization</b>	<b>Country/ Educational Institution</b>	<b>Year</b>

3. Companies in which the nominee has been a member of the Board of Directors/ Management Committee, or a member of the senior executive management during the last ten years:

<b>Name of the company</b>	<b>Position</b>	<b>Start date of work</b>	<b>End date of work</b>	<b>Reasons beyond leaving the position</b>

**Annex no. (5)**

**Acknowledgement of the Member of the Islamic Jurisprudence "Sharia"  
Supervisory Board**

I, .....the member of the Islamic Jurisprudence "Sharia"  
Supervisory Board of ..... company, do hereby acknowledge that:

**1. Solvency**

- A. I have never been declared bankrupt or insolvent inside or outside the Hashemite Kingdom of Jordan (in case of rehabilitation, attached with the supporting documents).
- B. No judgment on attachment of my property, in whole or in part, has been issued against me.
- C. There are no problems in my financial status.

**2. Honesty, Integrity and Well Reputation:**

- A. I have never been convicted of any misdemeanor violating honor, public morals or trust or of any felony.
- B. I have never been subject to investigation or questioning by the Central Bank of Jordan or any supervisory body.
- C. No license of any company in which I have been a partner has been refused or withdrawn by any supervisory body.
- D. I have never been dismissed from governmental job due to breach of trust.
- E. No business or activity in which I have been a manager or a partner has been liquidated or declared bankrupt.
- F. I have never held a position in a financial institution in which I have been asked to resign due to breach of trust.
- G. I have never been a general manager, chairman or a member in the Board of Directors/ Management Committee of any company (regardless of its purposes) and such company has been compulsorily liquidated.
- H. No supervisory body has issued an order against me to be prevented from working in the microfinance companies.

- I. I have never been found in violation of any supervisory requirements whether inside or outside the Kingdom.
- K. I have never submitted any incorrect or misleading information to any supervisory body, and I have never been found misleading, hindering, uncooperative, or dishonest when dealing with it.
- L. I have never participated greatly in managing a commercial project or a company that has failed, and that the reason of such failure has been miss management.
- M. There has been no conflict between my interest and the company's.

**Additional information, if any, or any comment on any item listed in the acknowledgement:**

-----  
 -----  
 -----

**If any of the above items is met, kindly provide details:**

-----  
 -----  
 -----

I acknowledge that all information above is true, and if there is any subsequent change to the information above, I will provide the company with it.

Name: .....

Signature: .....

Date: .....

(Signature is to be duly ratified)



**Ratification of the company:**

The company asserts the fit and proper of the nominee who signed this acknowledgment to the membership of the Islamic Jurisprudence "Sharia" Supervisory Board according to the requirements of the Central Bank of Jordan. The company certifies that it has carefully read this acknowledgment and its attachments, and that all information listed in the acknowledgment and its attachments is accurate to the best of its knowledge.

Name of the company:

Name of the officer who reviewed the acknowledgment and its attachments:

His Job:

Signature:

Date:

Seal and signature of the company:

**Attachment to the Acknowledgement of a member of the Islamic Jurisprudence  
"Sharia" Supervisory Board**

1. Nominee's Personal Information:

Full name: -----

Title: (chairman/ member of the Islamic Jurisprudence "Sharia" Supervisory Board) -----

Nationality/ Nationalities: -----

Date and place of birth: -----

National Number/ or passport number for non-Jordanians (a copy to be enclosed):-----

Current residence address: -----

Permanent residence address: -----

Telephone No.: -----

E-mail: -----

2. Details of the academic qualifications and professional certificates obtained by the nominee:

<b>Academic degree/ professional certificate</b>	<b>Specialization</b>	<b>Country/ Educational Institution</b>	<b>Year</b>

3. Companies in which the nominee has been a member of the Board of Directors/ Management Committee, or a member of the Islamic Jurisprudence "Sharia" Supervisory Board, or a member of the senior executive management during the last ten years:

<b>Name of the company</b>	<b>Position</b>	<b>Start date of work</b>	<b>End date of work</b>	<b>Reasons beyond leaving the position</b>

**Annex no. (6/A)**

**Chairman and Members of the Board of Directors/ Management Committee of ----- Company as of / /20**

No.	Chairman and members of the Board of Directors/ Management Committee (full name of the natural person, and according to the registration certificate as to the legal entity) and nationality	Full name and nationality of representative of the legal entity	National number of the Jordanian member/ and passport number of non-Jordanians	Amount of ownership of a member in capital of the company (if any)	Amount of ownership of the representative in the capital of the company (if any)	Date of birth	Date of joining the Board of Directors/ Management Committee	Academic qualifications	Practical experience	Membership in other boards of directors/ Management Committees inside and outside of the Kingdom	Jobs held currently outside the company	Remarks

**Seal and signature of the company**

**Annex no. (6/B)**

**Legal entity members of Board of Directors/Management Committee of ..... Company as of / /20**

No.	Name and nationality of legal entity according to the registration certificate	Legal form	National Number of the Entity	Paid up capital	Purposes and nature of the activity	Address	Names of chairman and members of Board of Directors of the legal entity	Remarks

**Seal and signature of the company**

**Annex no. (6/C)**

**Members of the Senior Executive Management of ..... Company as of / /20**

No.	Job	Full name and nationality of the member	National number of the Jordanian members/passport number of non-Jordanian members	Date of birth	Academic qualifications	Practical experience	Date of joining work at the company	Date of commencement of work in the current job	Share of capital of the company (if any)	Membership in board of directors of companies as representative of the company	Remarks

**Seal and signature of the company**

**Annex (6/D)**

**Chairman and members of the Islamic Jurisprudence "Sharia" Supervisory Board of ..... Company as of / /20**

No.	Full Name and nationality of chairman and members of the Islamic Jurisprudence "Sharia" Supervisory Board	National number of the Jordanian members/ passport number of non-Jordanians	Date of birth	Academic qualifications	Practical experience	Date of joining the Board	Jobs held currently outside the company	Remarks

**Seal and signature of the company**

**Annex (7/A)**

**Local branches and marketing offices of the company as on 31/12/20**

No.	Name of Branch/ Office	Address	Name of Manager of Branch/ Office	Letter No. of the Central bank approval	Date of the Central Bank approval	Date of commencement of work

**Seal and signature of the company**

**Annex (7/B)**

**External branches of the company as on 31/12/20**

No.	Name of the Branch	Address	Name of Manager of the Branch	Letter No. of the Central bank approval	Date of the Central Bank approval	Date of commencement of work

**Seal and signature of the compan**

