



**Deposit Insurance Corporation Law
No. (33) of the Year 2000
and its Amendments**



**Insuring Deposits
Protects Your Future Savings**



Deposit Insurance Corporation Law
No. (33) of the Year 2000
and its Amendments
Amman - the Hashemite Kingdom of Jordan

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This Law has been prepared in the Arabic and the English languages. In the event of a conflict between the Arabic and the English text, the Arabic text shall prevail.

Deposit Insurance Corporation Law No. (33) of the Year 2000 And Its Amendments

Article 1 :

This Law shall be cited as the “Deposit Insurance Corporation Law of the Year 2000” and shall be effective as from the date of its publication in the Official Gazette.

Article 2 :

a. The following words and expressions, wherever they occur in this Law, shall have the meanings indicated below unless the context indicates otherwise:

Central Bank : The Central Bank of Jordan.

Governor : The Governor of the Central Bank.

Corporation : The Deposit Insurance Corporation established by virtue of this Law.

Board : The Board of Directors.

Chairman : The Chairman of the Board.

Director General : The Director General of the Corporation.

Person : A natural or a legal person.

Bank : The bank and the Islamic bank as defined in the Banking Law.

Government Securities : Securities issued by the Government, any public official institutions or public institutions, or securities guaranteed by the Government.

b. Wherever the following words and expressions “deposit”, “administrative”, “affiliate” and “subsidiary company” occur in this Law, they shall have the meanings assigned to them in the Banking Law in effect.

Article 3 :

a. The provisions of this Law shall apply to all Jordanian banks and branches of foreign banks operating in the Kingdom, with the exception of the branches of Jordanian banks operating outside the Kingdom.

b. The provisions of this Law shall apply to the Islamic bank to the extent that they do not conflict with the provisions pertaining to the Islamic banks stated in this Law.

Article 4 :

a. A corporation called the “Deposit Insurance Corporation” shall be established in the Kingdom. It shall enjoy a legal entity status with financial and administrative independence. In this capacity, it may undertake all legal actions, including concluding contracts, borrowing, and owning the movable and immovable properties required to achieve its objectives. It may sue and be sued and it shall be represented in legal proceedings by any lawyer whom it appoints for this purpose.

b. The Corporation’s head office shall be located in Amman, and the Board may decide to open branches and offices of the Corporation throughout the Kingdom.

Article 5 :

The Corporation aims to protect depositors with banks by insuring their deposits in accordance with the provisions of this Law in order to encourage savings, enhance confidence in the banking system, and contribute to maintaining banking and financial stability in the Kingdom.

Article 6 :

The Corporation shall be managed and supervised by a Board of Directors chaired by the Governor and with the membership of :

- a. One of the deputies of the Governor, named by the Governor to act as Deputy Chairman.
- b. The Secretary General of the Ministry of Finance.
- c. The Controller of Companies at the Ministry of Industry and Trade.
- d. The Director General.
- e. Two members appointed for three years by a decision of the Council of Ministers based on the Governor's recommendation, and they may be reappointed. These two members must not be executives of any bank during the period of their membership on the Board and for the two years following the termination of their membership. They must possess experience in financial and economic affairs and must be capable of contributing to the achievement of the Corporation objectives.

Article 7 :

- a. The Board shall assume the following functions and authorities:
1. The drawing of the Corporation's general policy.
 2. The approval of the general plan for the investment of the Corporation's funds in accordance with the provisions of this Law.
 3. The formulation of the organizational structure for the Corporation's administrative apparatus, the description of its functions, and the determination of its tasks and responsibilities.
 4. The approval of the regulatory, financial, and administrative instructions required for the Corporation's activities.
 5. The approval of the Corporation's annual budget.
 6. The approval of the Corporation's annual reports and closing financial statements.
 7. The approval of the Corporation's borrowing.
 8. The approval and supervision of any of the procedures stipulated in Article (38 bis) of this Law to be carried out by the Corporation.
 9. The supervision of the bank's liquidation proceedings in accordance with the provisions of this Law.
 10. The appointment of a certified auditor to audit the Corporation's accounts and the determination of his fees.
 11. Any other matters concerning the Corporation's functions that are presented by the Chairman to the Board.

b. The Board shall exercise the authorities of the board of directors of a public shareholding company stipulated in the Companies Law to the extent that they do not conflict with the provisions of this Law.

Article 8 :

a. The Board shall meet upon the invitation of its Chairman once every two months or whenever the need arises. The Board may also meet based on a request submitted by at least two of its members. A meeting shall be legal if at least five members, including the Chairman or, in his absence, the Deputy, are in attendance. The Board's decisions shall be taken unanimously or by the majority of its members. In the event of a tie vote, the side with which the meeting's Chairman voted shall prevail.

b. The Board may invite any experienced and specialized person from outside the Corporation to participate in a meeting so that the Board may draw on that person's opinion. The expert shall not be entitled to vote. His compensation shall be determined by a decision of the Board.

Article 9 :

The Director General shall be appointed, his financial rights and employment benefits determined, and his services terminated by a decision of the Board.

Article 10 :

The Director General shall carry out the duties and authorities required to manage the Corporation's affairs, including:

- a. The implementation of the Corporation's general policy, set out by the Board, and the instructions and decisions issued thereby.
- b. The preparation of the Corporation's organizational structure.
- c. The supervision of the Corporation's administrative apparatus.
- d. The preparation of the Corporation's annual report and closing financial statements for presentation to the Board within a period not exceeding three months from the end of the fiscal year.
- e. The preparation of the Corporation's annual budget draft.
- f. Any other authorities delegated to the Director General by the Board or assigned to him by the regulations and instructions issued in accordance with the provisions of this Law.

Article 11 :

- a. The Corporation's Capital shall consist of the following:
 1. The sum of JD 1 million, which shall be paid by the Government upon the enforcement of this Law.
 2. A non-refundable initiation fee of JD (100,000), which shall be paid by any bank other than an Islamic bank.
- b. The Corporation's financial sources shall consist of the following:
 1. Any loans obtained by the Corporation in accordance with the provisions of this Law.

2. The annual membership fees paid by banks to the Corporation.
3. The returns on the investments of the Corporation's funds.
4. Any financial grants given to the Corporation with the approval of the Central Bank's board of directors. The Council of Ministers' approval must also be obtained if the grant is given by a non-Jordanian agency.
5. Any refunds received by the Corporation from liquidation processes or as a result of any of the procedures stipulated in Article (38 bis) of this Law.

Article 12 :

- a. Subject to the provisions of paragraph (b) of this Article a bank, other than an Islamic bank, shall pay an annual membership fee to the Corporation at the rate of 2.5 per thousand of the total deposits therewith that are subject to the provisions of this Law.
- b. The following shall be excluded from the deposits subject to the provisions of this Law:
 1. Government deposits.
 2. Interbank deposits.
 3. Cash collaterals within the limits of the value of the extended facilities guaranteed by the said collaterals.
- c. The annual membership fee set out in paragraph (a) of this Article and paragraph (b) of Article (33 bis) of this Law may be amended, and the rules for calculating same may be changed by a decision of the Council of Ministers based on the Board's recommendation after the banks have been rated.

Article 13 :

- a. A bank shall be obliged to submit on the form prepared for this purpose, **within seven business days from the beginning of January**, an annual statement to the Corporation and the Central Bank which shall include the total deposits with the bank that are subject to the provisions of this Law as at the 31st of December of the previous fiscal year.
- b. The Corporation may request that the Central Bank ascertains the accuracy of statements submitted by banks to the Corporation under **paragraph (a)** of this Article.

Article 14 :

- a. **If a bank fails to submit the statement within the period specified in Article (13) of this Law, or if it submits a statement with incomplete, erroneous, or incorrect information, the Corporation shall send a written notice to that bank to rectify such failure within seven business days of the date of receiving the notice.**
- b. **The Director General shall impose on the bank, which violates the provisions of paragraph (a) of this Article a fine for delay of JD 200 for each day of delay in duly submitting the statement after notification.**

Article 15 :

The Corporation shall send a written claim notice to the bank during January of each year, specifying therein the payable annual membership fee. The bank shall pay the fee within seven business days from the date of receiving the notice.

Article 16 :

If a bank, other than an Islamic bank, is late to pay the initiation fee or annual membership fee within the specified time limit:

- a. Simple (Non-accumulated) interest shall be paid by the bank for each day of delay from the first day of the occurrence of such delay. The interest shall be calculated based on the re-discount rate.
- b. The Central Bank may, based on the Corporation's request, decide to add a margin not exceeding 1% to the interest rate stipulated in paragraph (a) of this Article.

Article 17 :

Initiation fees and annual membership fees are considered production expenses of the banks.

Article 18 :

- a. The elements comprising the Corporation's reserves shall be determined according to special orders issued by the Central Bank for this purpose.
- b. The Corporation must act to form reserves for itself amounting to three percent of total deposits that are subject to the provisions of this Law.
- c. The Council of Ministers may, based on the Board's recommendation, decide to increase the Corporation's reserve limit set out in paragraph (b) of this Article.

Article 19 :

- a. If the Corporation's reserves do not reach the limit established

under Article (18/b) of this Law within ten years of this Law's effective date, or if the Corporation's reserves fall short of the said limit after having reached it, or if a liquidation of a bank is decided before the Corporation's reserves reach the said limit, the Board may increase the banks' annual membership fee to no more than double the annual membership fee for banks stipulated in Article (12) of this Law.

- b. If the Corporation's reserves exceed the limit set out in Article (18) of this Law, the Board may lower the annual membership fee or exempt banks from paying same for one year or more as the circumstances require.

Article 20 :

If the Central Bank finds, based on the bank applicable rating rules, that the degree of risk assumed by a bank has become unacceptable, the Board may increase the annual membership fee of that bank to no more than double the maximum limit of this fee, even if doing so results in exceeding the maximum limit set for the Corporation's reserves stipulated in this Law.

Article 21 :

The Board may at any time request that a foreign bank's branch submits to the Corporation a deposit, financial bonds, or any other collaterals, which the Board deems necessary to insure or continue insuring the deposits with the branch in accordance with the provisions of this Law.

Article 22 :

The Central Bank may, based on the Corporation's request, directly debit the bank's account with the Central Bank with the sums, which the bank owes to the Corporation.

Article 23 :

The Corporation may borrow directly, or it may issue debenture bonds, to enable it to pay the obligations owed thereby according to the provisions of this Law, and taking into consideration the provisions of any relevant legislation in effect.

Article 24 :

- a. The Corporation shall invest its funds in Government securities or deposits with the Central Bank by a decision of its Board of Directors.
- b. The Corporation must deposit its unused funds in its own accounts with the Central Bank.
- c. The Corporation may deposit with any bank the funds, which it requires to repay obligations it owes under the provisions of this Law, provided that the Board stipulates the deposit amount, the interest or returns due thereon, and any guarantees or other terms, which the Board deems necessary.

Article 25 :

- a. The Corporation must maintain records and accounts that are duly kept in order, according to recognized accounting principles.
- b. The Corporation's closing financial statements shall be published, after the Board has approved them, in at least two daily local newspapers.

Article 26 :

The Corporation's fiscal year shall commence on the 1st of January of each year and shall end on the 31st of December of the same year.

Article 27 :

Notwithstanding the provisions of any other legislation, the Corporation and all of its transactions shall be exempted from taxes and fees of various types, including sales tax and stamp duties.

Article 28 :

Remuneration may be allocated for the members of the Board by a decision of the Council of Ministers upon the recommendation of the Central Bank's board of directors.

Article 29 :

The Corporation may examine banks' closing financial statements and the results of their operations that are available at the Central Bank. The Governor may apprise the Board of any information and financial statements concerning the position of any bank if he finds it is necessary to do so.

Article 30 :

Based on the Corporation's request and the Central Bank's approval, a joint inspection team comprising of employees of the Corporation and of the Central Bank may be formed to review or examine the operations, records, and statements of any bank. This team shall formulate a joint report containing the results of its activities and recommendations for the submission to the Central Bank and the Corporation.

Article 31 :

If the Corporation is informed that a bank or any executive therein has engaged in an illegal activity or violated the rules of banking transactions, it must notify the Central Bank and furnish it with any proposals or recommendations, which it deems necessary.

Article 32 :

- a. Subject to the provisions of paragraph (c) of this Article, the Corporation shall insure deposits in Jordanian Dinars with a member bank, excluding the deposits mentioned in Article (12/b). The Corporation shall also insure deposits in any foreign currency, which the Central Bank decides to subject to the provisions of this Law.
- b. The insurance sum shall become payable under this Law if the Central Bank decides to liquidate a bank in accordance with the provisions of the Banking Law.
- c. The insurance sum shall be in the full amount of the deposit if the amount deposited is JD 10,000 or less. The insurance sum shall be JD 10,000 if the value of the deposit exceeds JD 10,000*.
- d. The maximum insurance sum may be amended by a decision of the Council of Ministers upon the Board's recommendation provided that any such amendment decision shall not apply to a bank which liquidation has been decided before the issuance of the said decision.

Article 33 :

The Corporation shall publish –within 30 days from this Law's effective date, in the Official Gazette and in a conspicuous space in two daily local newspapers– an announcement stating the names of the banks subject to the provisions of this Law, the type

* According to the provisions of Article (32/d) of this Law, the coverage limit has been increased from JD 10,000 to JD 50,000 effective 1st of January 2011 based on the Cabinet decision dated Dec 2010 ,5.

of currency of deposits covered by the Corporation's insurance, and the maximum amount insured. The Corporation shall also publish this announcement in the same manner during February of each year.

Article 34 :

Subject to Article 32 of this Law, if a decision is issued to liquidate a bank, the amount of any one depositor's deposit shall be calculated to determine the insurance sum based on the following rules and procedures:

- a. If a person has more than one account with the bank in any of its branches, these accounts shall be considered as one account for the purposes of this Law.
- b. If the account is jointly held by two or more persons, the insurance sum shall be distributed among them based on the percentage of the share in the account held by each one of them. If their shares in the account are unspecified, the said shares shall be considered equal, provided that the total received by one person does not exceed the maximum insurance sum if he has another account or more with the same bank.
- c. If a depositor is a debtor or a guarantor of a debtor of the bank, his deposits with the bank shall be used to set off against all of his liabilities and facilities which are current or due or which he is responsible for repaying to that bank regardless of whether they are mature or not. Any credit balance resulting from the set-off process shall be considered a deposit on which insurance shall be paid in accordance with the provisions of this Law.
- d. The following sums shall be excluded from a person's deposits when the set-off mentioned in paragraph (c) of this article is conducted to determine the insurance sum payable:

1. Any sums in foreign currency that are not covered by the Corporation's insurance under this Law.
2. Any sums deposited by the person as collateral against banking facilities and loans obtained by another person, unless a credit balance from these sums remains after the secured obligations are repaid.

Article 35 :

The Board may issue the instructions, which it deems necessary to formulate any other rules for the determination of the deposit amount on which an insurance sum shall be paid under Article (34) of this Law, including the determination of immature obligations or obligations owed in foreign currency.

Article 36 :

- a. Subject to the provisions of Article (34/c) of this Law, the Corporation shall pay the insurance sum due to the insured deposit holder within 30 days from the date of the liquidation decision, in accordance with the rules approved by the Board.
- b. 1. The Corporation shall publish in at least two of the three most widely circulated local daily newspapers an announcement requesting deposit holders to receive the insurance sums due to them.

2. This announcement shall be republished in the same manner after the lapse of 14 days from the date of the publication of the first announcement. It shall be also republished every six months after issuance of the liquidation decision until three years have elapsed from the date of the issuance.
- c. Insurance sums not claimed by their owners shall be deposited

as trusts in the Central Bank. The owners of these sums shall be entitled to claim them within 15 years of the date of the announcement of the liquidation.

Article 37 :

The Corporation shall legally subrogate deposit holders within the limits of the sums, which the Corporation paid to them.

Article 38 :

Members of the Board, any employee of the Corporation, and any person linked to the Corporation must, subject to legal liability, observe full confidentiality regarding all statements or information, which they examine. Such statements and information may be disclosed only in accordance with the provisions of this Law, the Central Bank's Law, or the Banking Law.

Article (31 bis) :

- a. A fund shall be established at the Corporation (Deposit Insurance Fund for Islamic Banks) which shall enjoy a legal entity status to be managed by the Corporation. The provisions of this Law shall apply to it to the extent not contrary to the provisions of this Article and Articles (32 bis) to (37 bis) of this Law.
- b. The Fund is based on the principle of Solidarity and Cooperation "Takaful and Ta'awun". The contributions made to it by Islamic banks, deposit holders, and the Corporation are considered as Donation "Tabarru' "
- c. The relationship between the Fund and the Corporation shall

be on Agency with fee “wakalah bi al ujr”, and all matters of such relationship shall be governed by a decision of the Board.

d. A Shariah Advisor shall be appointed to the Fund by a decision of the Board based on the recommendation of the Iftaa’ Board from among those with practical experience and specialization in the jurisprudence of transactions for a period of two years renewable once, where:

1. The Shariah Advisor’s remuneration and benefits shall be determined by a decision of the Board.
2. The Shariah Advisor’s duties shall be to express opinions on the forms of contracts required for the Fund’s operations and activities in terms of their compliance with the rules of Islamic Jurisprudence, and to carry out any matters assigned to him within his area of specialization. His opinion shall be binding on the Corporation.

Article (32 bis) :

a. The Fund’s capital referred to in Article (31 bis) of this Law shall consist of the following:

1. A sum of JD 150, 000 (one hundred and fifty thousand Jordanian Dinar) paid by the Corporation upon the establishment of the Fund, and this sum shall be considered as a part of the Government’s contribution to the Corporation’s capital.
2. A non-refundable initiation fee of JD 100,000 (one hundred thousand Jordanian Dinar), which shall be paid by any Islamic bank.

b. The financial sources of the Fund consist of the following:

1. Membership fees paid by Islamic banks.
2. Returns on the investments of the Fund.
3. Any non-interest loan “Qard Hasan” received by the Fund.
4. Any financial grants given to the Fund with the approval of the Central Bank’s board of directors. The Council of Ministers’ approval must be also obtained if the grant is given by a non-Jordanian agency.

Article (33 bis) :

- a. For the purposes of applying the provisions of this Article, deposits with an Islamic bank shall be divided into the following:
 1. Credit Accounts: The cash amounts received by an Islamic bank from its clients in any way, thus acquiring ownership upon receipt thereof. The Islamic bank shall have the right to dispose of such amounts with the obligation to refund the same upon request or in accordance with agreed terms.
 2. Unrestricted Investment Accounts “Mutual Fund Accounts”: The cash amounts received by an Islamic bank from its clients in any way to participate with the bank in its investments under its license in exchange for a percentage of profits and in accordance with agreed terms.
 3. Restricted Investment Accounts “Private Investment Accounts”: The cash amounts paid to an Islamic bank on the condition that it invests them in a specific project or financing with the account holder bearing the responsibility for the result of investment, whether profit or loss. These amounts may be recovered only after liquidation of the project or as agreed.

- b. Subject to the provisions of paragraphs (c), (d) and (h) of this Article, an Islamic bank shall pay an annual membership fee of 2.5 per thousand of the following balances to be calculated and collected on the basis of the total of such accounts at the end of each year:
1. On the balance of Credit Accounts or the like.
 2. On the balance of Unrestricted Investment Accounts “Mutual Fund accounts” or the like.
- c. An Islamic bank shall debit the Unrestricted Investment Accounts “Mutual Fund Accounts” or the like with the annual membership fee on behalf of their holders by 2.5 per thousand of the balance of each Unrestricted Investment Accounts “Mutual Fund Accounts” after deducting the non-sharing portion in profits.
- d. In addition to the provisions of Article (12/b) of this Law, Restricted Investment Accounts “Private Investment Accounts” or the like shall be excluded from deposits subject to the provisions of this Law.
- e. Two separate portfolios are established in the Fund as follows:
1. Takaful Portfolio of Credit Accounts: The annual membership fees paid by Islamic banks for Credit Accounts or the like, and the portion of Unrestricted Investment Accounts “Mutual Fund Accounts” not sharing in profits, shall be credited to the portfolio.
 2. Takaful Portfolio of Unrestricted Investment Accounts “Mutual Fund Accounts”: The annual membership fees paid by Islamic banks shall be credited to the portfolio on behalf of Unrestricted Investment Accounts “Mutual Fund Accounts” holders or the like.

- f. Subject to the provisions of Article (32) of this Law, the assets of the Takaful Portfolio of Credit Accounts shall be allocated to cover the obligation of the Corporation to insure the Credit Accounts or the like, as well as the portion of Unrestricted Investment Accounts “Mutual Fund Accounts” not sharing in profits or the like. Similarly, the assets of the Takaful portfolio of Unrestricted Investment Accounts “Mutual Fund Accounts” shall be allocated to cover the obligation of the Corporation to insure the Unrestricted Investment Accounts “Mutual Fund Accounts” within the limits of the invested amounts for the benefit of their holders.
- g. The Fund may borrow from the Corporation or any other entity a non-interest loan “Qard Hasan” to make up for any deficit in either portfolio, provided that the loan is repaid from the Fund’s sources.
- h. The Board may, upon the Shariah Advisor’s recommendation, issue instructions specifying:
 - 1. The extent to which any Islamic bank’s contracts with its clients apply to any of the accounts stipulated in paragraph (a) of this Article.
 - 2. Items that can be excluded from the balance of deposits subject to annual membership fee.

Article (34 bis) :

- a. The Fund’s first fiscal year shall commence from the date of the enforcement of this Law and shall end at the end of the same year unless the Board decides to extend this period to the next fiscal year.
- b. In the first fiscal year of the Fund, the Islamic bank shall, within

seven business days of the end of the month in which this Law comes into effect submit the statement referred to in Article (13) of this Law showing the bank's total deposits as at the end of the month in which this Law becomes effective. The annual membership fee for this year shall be prorated according to the remaining period.

- c. For the first fiscal year of the Fund, the Corporation shall send the claim notice of the membership fee within thirty days from the date of enforcement of this Law. The Islamic bank shall pay the fee within seven business days from the date of receiving the notice.

Article (35 bis) :

Notwithstanding the provisions of Article (24/a) of this Law, the Corporation shall invest the financial sources of the Fund in Government securities complying with the principles and rulings of Shariah.

Article (36 bis) :

Notwithstanding the provisions of any other legislation, the obligations and debts due by any Islamic bank under liquidation shall be paid on the following basis:

- a. The rights of the holders of Unrestricted Investment Accounts "Mutual Investment Accounts" and the like shall be fulfilled in accordance with their own terms, provided that the respective expenses incurred by the liquidator and other related liabilities shall be charged first from such rights.
- b. The rights of the holders of Restricted Investment Accounts "Private Investment Accounts" and the like shall be linked to the specific projects of each of them and the results shall be

- borne on the basis of gains against losses “ghunm bi al-ghurm”, after deducting the related expenses incurred by the liquidator.
- c. Without prejudice to the provisions of paragraphs (a) and (b) of this Article, the obligations and debts owed by an Islamic bank under liquidation shall be fulfilled in the following order:
1. Non- interest loan “Qard Hasan” received by the liquidator in the name of the Islamic bank under liquidation after the issuance of the liquidation decision to enable it to complete the liquidation proceedings.
 2. The expenses and other expenditures incurred by the liquidator.
 3. The rights of employees and workers.
 4. Qard Hasan that the Islamic bank under liquidation obtained from the Central Bank before the issuance of the liquidation decision.
 5. Qard Hasan that the Islamic bank obtained from other banks with the approval of the Central Bank during the six months prior to the issuance of the liquidation decision.
 6. The rights of depositors in Credit Accounts and the like, as well as the rights of the Deposit Insurance Fund for Islamic Banks.
 7. The rights of other creditors, and any other funds deposited by their owners with the bank for purposes other than investment and sharing in the resulting profits.
 8. The rest of depositors’ rights in the Unrestricted Investment Account “Mutual Investment Accounts” or the like.
 9. Any taxes and fees owed to the Government.
 10. The rights of shareholders.

Article (37 bis) :

The funds of the Deposit Insurance Fund for Islamic Banks shall be transferred, in case of liquidation, to the Zakat Fund in the Kingdom after covering all expenses and losses related to the Fund.

Banks' Resolution

Article (38 bis) :

- a. Subject to the provisions of the Banking Law, the Corporation may, with the approval of the Central Bank, in the event that a bank faces problems with core effect on its financial position, take one or more of the actions set out below if it finds that such action is less costly than proceeding with the liquidation proceedings:
 1. Bear the financial cost of the bank's merger with another bank, or transfer all or some of its assets, rights, liabilities and obligations to a third party.
 2. Subscribe to any new shares issued to increase the bank's capital.
 3. Apply for a bridge bank license to which all or some of the bank's assets, rights, liabilities and obligations are transferred.
- b. In the event of a decision to license a bridge bank, the Corporation shall liquidate the remaining assets and liabilities of the bank, which has faced problems with core effect on its financial position, in accordance with the provisions of this Law.

- c. Notwithstanding the provisions of Article (32/b) of this Law, right holders whose rights or some of which have been decided to be retained within the assets and liabilities of the bank, which has faced problems with core effect on its financial position, may not claim any rights against the Corporation except for the outcome of the liquidation process.
- d. The Corporation shall, with the approval of the Central Bank, participate in any committees formed by the Central Bank to study the conditions of that bank in order to enable it to take any of the actions provided for in paragraph (a) of this Article.

Article 39 :

- a. The provisions of this Law shall apply to the liquidation of banks. The provisions of the Companies Law pertaining to liquidation shall apply in the absence of a specific provision in this Law.
- b. The Corporation shall be the liquidator, and shall be considered the sole, legal representative, of any bank whose liquidation has been decided.

Article 40 :

- a. The liquidator shall publish -in at least two daily local newspapers- an announcement of any decision to liquidate a bank within three days from the date on which it receives the decision. Copies of this announcement shall be affixed to each branch and office belonging to the bank.
- b. The announcement shall be republished in the same manner after the lapse of 14 days from the date of the publication of the first announcement.

Article 41 :

As of the date of the issuance of a decision to liquidate a bank, the bank's board of directors, general manager, and general assembly of shareholders shall lose all duties and authorities assigned to any of them pursuant to legislation in effect and pursuant to the bank's articles of incorporation and bylaws.

Article 42 :

The issuance of a liquidation decision shall result in the:

- a. Revocation of any authorization or authority to sign issued by any party in the bank. The liquidator alone shall be authorized to grant any authorization or authority to sign as necessitated by liquidation proceedings.
- b. Cessation of the calculation of any interest **or earnings** on deposits and balances with the bank and on debts owed by the bank, unless the interest **or earnings** of the debts guaranteed by valid and **sufficient** mortgages and guarantees.
- c. Cessation, for one year starting from the date of the issuance of the liquidation decision, of prescription period that would prevent hearing any action regarding any current or due right or claim in favor of the bank.
- d. Cessation, for three months, of actions and legal proceedings filed by the bank or against it unless the liquidator decides to continue the proceedings before the end of this period, subject to the provisions of paragraph (e) of this article.
- e. Stay of any procedural or executive petition against the bank, unless it is based on the request of a mortgagee and concerns the mortgaged property itself. In this case, the petition shall be stayed or its acceptance denied for three months starting from

the date on which the liquidation decision is issued.

- f. Extinguishment of periods agreed with bank customers and its debtors for the repayment of obligations owed by them.

Article 43 :

The liquidator may make all decisions and take all measures, which it deems necessary to complete the liquidation proceedings, including:

- a. Managing the bank's operations within the limits required by liquidation proceedings. For this purpose, the liquidator may decide that the bank may continue to engage in some of its activities.
- b. Inventorying all of the bank's assets.
- c. Appointing any of the experts and persons to assist it in the execution of liquidation proceedings, appointing special committees and delegating them any of the functions and authorities assigned to the liquidator, and issuing the necessary decisions to complete the liquidation proceedings.
- d. Appointing one or more attorneys to represent the bank under liquidation in any legal actions of proceedings concerning the bank.

Article 44 :

- a. Notwithstanding any agreement to the contrary, the liquidator may take all the measures which it deems necessary to protect the bank's rights, including:
 - 1. Reclaiming any sum paid by the bank to any depositor during the three months preceding the issuance of the liquidation decision if the depositor was an affiliate of the bank or related thereto.

2. Canceling any action or revoking any contract concluded by the bank, or reclaiming any sum paid by the bank during the three months preceding the issuance of the liquidation decision if these actions by the bank preferred a specific person over the bank's creditors. This period shall be one year if such a person is an affiliate of the bank or related thereto. The preference shall be considered to have been established if the disposal or the action was affected without compensation or with partial compensation, or if it entailed the valuation of property or a right at other than its real or prevailing market value.
 3. Canceling any action or revoking any contract concluded by the bank with an affiliate thereto or a person related thereto, or reclaiming any sum paid by the bank to any of the aforesaid within the three months preceding the issuance of the liquidation decision.
 4. Concluding an agreement with any of the bank's debtors regarding the schedule for paying or paying in installments any sums and obligations owed by the debtors.
 5. Terminating the employment of any of the bank's employees with payment of all sums owed to them.
 6. Terminating any contract concluded by the bank with any person before the completion of the contract duration.
- b. The liquidator shall take any of the measures mentioned in paragraph (a) of this Article by means of a written notice served upon the relevant person. The measures may be contested to the Court of First Instance of Amman within 30 days from the date on which notice is served.

Article 45 :

- a. All mortgages and guarantees placed on any of the bank's properties or rights that are affected during the three months prior to the date on which the liquidation decision was issued shall be considered null, unless they were affected with the Central Bank's approval. This period shall be one year if the mortgages or guarantees are in favor of an affiliate of the bank or a person related thereto.
- b. A decision to attach any of the bank's properties or rights before the issuance of the liquidation decision shall be cancelled, unless this decision was based on a request of the mortgagee and concerns the mortgaged property itself.

Article 46 :

For the purposes of Article (44) and Article (45) of this Law, a person shall be considered to be related to a bank if the person:

- a. Is an administrative in the bank or has a mutual business interest with an administrative therein.
- b. Is a spouse of an administrative in the bank, or is related to that administrative or his spouse up to the third-degree, or has mutual business interest with any of those aforesaid.

Article 47 :

Subject to Article (59/a) of this Law, the liquidator may borrow, in the name of the bank under liquidation, the funds needed to enable the liquidator to complete the liquidation proceedings. The liquidator may mortgage any of the bank's assets or rights to guarantee any such loan. Notwithstanding any provision to the contrary, the terms of the loan shall be binding on the liquidator.

Article 48 :

- a. Subject to the provisions regarding depositors stipulated in Article (50) of this Law, the liquidator must, within 30 days from the date of the issuance of the liquidation decision, publish –in a conspicuous space in at least two daily local newspapers– a notice to creditors of the need to submit their claims against the bank, regardless of whether they were due or not, within two months in the case of creditors resident in the Kingdom and three months in the case of creditors resident abroad.
- b. The notice shall be republished in the same manner immediately upon the lapse of the 14 day period from the date of the publication of the first announcement. The period for the submission of claims shall be calculated from the publication date of the first announcement.
- c. If the liquidator or a competent court is convinced that a creditor has a legitimate excuse for not being able to submit his claim within the period stipulated in paragraph (a) of this article, it shall extend the period for no more than three additional months.

Article 49 :

The period from the date of the issuance of the liquidation decision to the date on which the first announcement mentioned in Article (48/a) of this Law is published, shall not be calculated as a part of the period during which any action regarding any rights or claims of creditors toward the bank under liquidation is prevented from being heard.

Article 50 :

- a. Subject to the provisions of paragraph (b) of this Article, the

liquidator must, within three months from the date of the issuance of the liquidation decision, serve the following notices unless it finds justifiable reasons for exceeding this period:

1. Notice to each depositor stating the amount of his deposit with the bank on the date on which the liquidation decision is issued.
 2. A claim notice to each debtor stating the amount of the debts and obligations which the debtor owes to the bank, whether as a debtor or a guarantor, and the rate of interest and commission due from the debtor.
- b. Any objection to the notice mentioned in paragraph (a) of this article may be submitted to the liquidator within 30 days from the date on which it is served. If no objection is submitted within this period, the depositor or debtor shall be considered to have submitted to the contents of the notice.
- c. The liquidator must conduct a set-off between a customer's deposits therewith and the debts and obligations which he owes before sending any notice under paragraph (a) of this article, unless the liquidator finds reasons that justify a delay in the set-off.

Article 51 :

The period set for preventing hearing Lawsuit shall be interrupted by a creditor's claim submitted pursuant to Article (50/b) of this Law.

Article 52 :

- a. 1. The liquidator must issue his decision on claims and objections submitted to him under Articles (48) and (50) of this Law

within six months from the date on which they are submitted.

2. If the liquidator does not issue his decision within the period stipulated in (1) of this paragraph, the claims and objections shall be considered legally dismissed.

- b. Any interested party may challenge, before the court of First Instance of Amman, the decision issued by the liquidator according to paragraph (a) of this article within 30 days from the date on which the interested party was notified of the decision, or within 30 days of the end of the six- month period mentioned in paragraph (a/1) of this article, whichever is shorter.

Article 53 :

Notwithstanding the provisions of any other legislation, the liquidator may submit a petition to the Court of First Instance to attach any funds of the bank's debtors or to take precautionary or expeditious measures against such a debtor according to the provisions of the legislation in effect, subject to the following:

- a. The liquidator shall be exempted from attaching a guaranty to the petition.
- b. The liquidator should have issued a claim notice to the debtor or shall issue same within eight days upon filing the aforementioned petition, or within eight days following the issuance of a decision on the petition. This notice shall substitute for the substantive action that must be established in accordance with the provisions of the Civil Procedures Code in effect.

Article 54 :

If the claim notice issued by the liquidator to a debtor under Article (50/a/2) of this Law becomes final and conclusive, the liquidator may conduct a settlement with the debtor or enforce the notice against him through the competent enforcement departments in accordance with the provisions of legislations in effect.

Article 55 :

- a. No creditor, depositor, or debtor may, after the issuance of a liquidation decision, file a claim against the bank under liquidation except in accordance with the rules and procedures stipulated in this Law.
- b. Subject to the provisions of paragraph (a) of this article, any party negatively affected by the liquidator's actions or measures may challenge them before the Court of First Instance in accordance with the provisions of legislation in effect. The court may uphold, dismiss, or amend such actions or measures.

Article 56 :

Any dispute between the liquidator and a third party may be referred to arbitration according to the terms and procedures agreed upon between them.

Article 57 :

The liquidator may take any of the following measures:

- a. Agree with one or more banks to sell all or more than half of the assets of a bank under liquidation and its rights, liabilities,

and obligations, including any credit facilities which the bank under liquidation granted to its customers, commitments which it issued for the benefit of beneficiaries, and its real and personal guarantees, or any obligation or other right, regardless of its type, including lease rights, without having to obtain the approval of any customer, guarantor, mortgagor, beneficiary, or any other person, and without having to observe valuation procedures or any other procedures which may be stipulated in any other legislation.

- b. Notwithstanding the provisions of any other legislation, sell all or a portion of the assets and rights of a bank under liquidation in a public auction according to special procedures established by the liquidator.

Article 58 :

- a. The contents of safety deposit boxes leased to third parties by a bank under liquidation shall not be counted among the bank's assets and shall be returned to their owners, provided that the latter pay what they owe to the bank for the use of these boxes.
- b. If instruments or bonds are deposited or entrusted with a bank under liquidation, or such a bank serves as a custodian or trustee of instruments or bonds, or similar such cases, the instruments and bonds shall not be counted among the bank's assets. They shall be returned to their owners, provided that the latter pay all obligations which they owe to the bank.

Article 59 :

Notwithstanding the provisions of any other legislation, the debts and obligations owed by a bank under liquidation shall be paid in the following order:

- a. The loans that the bank under liquidation obtained after the

issuance of the liquidation decision to enable it to complete liquidation proceedings.

- b. The expenses and other expenditures incurred by the liquidator.
- c. The rights of employees and workers.
- d. The loans that the bank under liquidation obtained from the Central Bank before the issuance of the liquidation decision.
- e. Any taxes and fees owed to the Government.
- f. The loans that the bank obtained from other banks with the approval of the Central Bank during the six months prior to the issuance of the liquidation decision.
- g. The rights of depositors and the rights of the Corporation stemming from its insuring of deposits under this Law.
- h. The rights of other creditors.
- i. The rights of shareholders.

Article 60 :

The liquidator must provide the Central Bank with monthly reports on the progress of liquidation proceedings, the stage which they have reached, and results achieved therein.

Article 61 :

The liquidator must complete liquidation proceedings within two years from the date on which the liquidation decision is issued. The Board, with the Central Bank's approval, may extend this period for one year. In exceptional cases and for justified reasons, this period may be extended in the same manner for additional periods.

Article 62 :

- a. 1. Any notice or decision issued by the liquidator under this

Law shall be served to the concerned person by delivering it to him personally or to his legal representative, or by sending it by registered mail to him at his last address filed with the bank under liquidation.

2. Any notice sent under this article shall be regarded as having been properly delivered to the person to which it was sent, even if the person refuses to receive same.

b.1. If a notice is served by registered mail, the notice shall be considered served to the concerned person 15 days after it is placed in registered mail if the addressee resides in the Kingdom, or 30 days after it is placed in registered mail if the addressee resides outside the Kingdom.

2. It suffices to establish the service mentioned in (1) of this paragraph if evidence that the notice has been placed in the mail with the correct address is established, unless the liquidator or court is convinced that the addressee has not received the notice.

c. If service according to the provisions of paragraphs (a) and (b) of this article is not possible, the liquidator must publish the notice to be served in two daily local newspapers at least twice. The publication fees shall be borne by the concerned person. Said publication shall be considered legal notice from all standpoints.

Article 63 :

The Council of Ministers may, based on the Board's recommendations, issue the regulations necessary to implement the provisions of this Law.

Article 64 :

The Prime Minister and Ministers shall be entrusted with the implementation of the provisions of this Law.