

# The Money Exchange Business Law

**LAW NO. 26 OF 1992 PUBLISHED IN THE OFFICIAL GAZETTE NO.( 3823)DATED 30/4/1992**

## **ARTICLE 1**

This law shall be cited as “the money exchange business law of 1992” and shall come into force from the date of its publication in the official gazette.

## **ARTICLE 2**

Unless the context indicates otherwise, the following words and expressions used in this law shall have the meanings hereby assigned to them:

### **CENTRAL BANK**

Means the central bank of Jordan.

### **BOARD**

Means the Board of directors of the Central Bank of Jordan.

### **GOVERNOR**

Means the Governor of the Central Bank of Jordan.

### **FOREIGN CURRENCY**

Means any currency, claim, balance or credit in any currency other than the Jordan currency.

### **PRECIOUS METALS**

Means bullion, gold or silver legal tender, ownership certificates of gold or silver, and gold or silver in any state or form except being manufactured

### **MONEY EXCHANGE BUSINESS**

Means dealing in foreign currencies and Precious Metals.

### **MONEY CHANGER**

Means anyone licensed to deal in money exchange business in accordance with the provisions of this law.

### **LICENSED BANK**

Means any bank licensed to carry on banking business in accordance with the provisions of the banking law in force.

### **FINANCIAL COMPANY**

Means a Financial Company licensed and registered under the banking law in force.

### **ARTICLE 3**

(A) No person shall carry on money exchange business in the kingdom except by a license issued by the Board in accordance with the provisions of this law.

(B) Registration of any company to carry on money exchange business with the official authorities entrusted with the company registration shall take place only after obtaining a prior initial written approval of the Board of its registration and its establishment by-laws.

(C) After the completion of the company registration procedures, and the permission to carry on business in accordance with the provisions of the companies' law in force, the Board shall issue the final license to carry on money exchange business.

(D) The Central bank shall publish in the official gazette names and addresses of companies which have been licensed to carry on money exchange business in the kingdom.

### **ARTICLE 4**

(A) License to carry on money exchange business in the kingdom shall be given to the following:

1. General Partnership Company.
2. Limited Partnership Company.
3. Shareholding Partnership Company.

(B) In spite of paragraph (a) of this article, the Board may approve for any other types of companies to carry on money exchange business in the kingdom in accordance with special instructions to be issued for this purpose.

### **ARTICLE 5**

If the Money Changer does not commence money exchange business within six months of his notification of the final approval of the license, the Board may revoke his license or grace him for a period or periods up to a maximum of another six months as of the end of the first six-month period. The license shall be repealed if he does not carry on money exchange business during the grace period.

### **ARTICLE 6**

(A) Taking into consideration the provisions of this law, the license to carry on money exchange business issued in accordance with this law shall be valid for one year and automatically renewable.

(B) The Central Bank shall collect from the Money Changer once and upon licensing a fixed fee and an annual one. The amount of these fees shall be determined upon the recommendation of the Board to be issued in accordance with a regulation for this purpose.

### **ARTICLE 7**

(A) In spite of any other legislation, the paid-up capital of the Money Changer shall not be at any time less than the following, provided that he carries on money exchange business within the greater Amman municipality:

1. 250,000 Jordan dinars for the General Partnership Company.
2. 500,000 Jordan dinars for the Limited and Shareholding Partnership Companies.
3. One million Jordan dinars for other companies.

If money exchange business is carried on outside the borders of greater Amman municipality, the paid-up capital shall not be less than Jd 100,000 regardless of the company's type.

(B) The council of ministers may, upon the recommendation of the Board, decide the approval of amending the lower limit of the company's capital stipulated in paragraph (a) of this article. In case a decision is taken to increase the lower limit of the capital, the companies shall be given a period of not less than a year to reconcile their position with the procedures to be prescribed by the Board for this purpose.

(C) The license for any person to carry on money exchange business shall be repealed if he does not abide by the minimum required capital stipulated in this article within the time period which the Board decides on. The provisions of this article shall apply to any case where the capital becomes at any time and for any reason lower than that amount.

#### **ARTICLE 8**

(A) 1. To ascertain the compliance of the Money Changer with the provisions of this law, regulations and instructions issued accordingly, and prior to his undertaking money exchange business, the Money Changer must present a cash deposit as designated by the Central Bank provided that it shall not be less than 30 per centum of the paid-up capital, or a bank guarantee acceptable to the Board, of JD 100,000 whichever is greater. The deposit shall be placed to the order of the Governor at the Central Bank or at any Licensed Bank or Jordanian Financial Company and the guarantee shall be issued to the order of the Governor by any Licensed Bank or any Jordanian Financial Company.

2. In spite of paragraph (a) item (1) of this article, the deposit or guarantee presented by the Money Changer shall be outside the borders of greater Amman municipality equivalent to 30 per centum of the paid-up capital.

(B) The Governor may decide to substitute the cash deposit or part of it by securities issued by the government, the official public entities or municipalities, or by corporate bonds guaranteed by the government provided that these securities or bonds shall have a pledge note to the order of the Governor.

#### **ARTICLE 9**

Money Changer desirous of terminating or discontinuing his business shall inform the Central Bank not less than three months prior to that in order to ascertain his obligations and settlement thereof.

## **ARTICLE 10**

No Money Changer may move his head office from one location to another or open a branch or relocate any of his branches except after obtaining a prior written approval of the Central Bank in accordance with the conditions it prescribes including the amount of the deposit or guarantee stipulated in paragraph ( a) of article 8.

## **ARTICLE 11**

With the approval of the Board and in accordance with the instructions it issues for this purpose, Money Changers are entitled to carry on any of the following transactions:

- (A) Buying and selling Foreign Currency notes and coins.
- (B) Buying and selling cheques and travellers' cheques denominated in Foreign Currency.
- (C) Buying and selling Precious Metals.
- (D) Maintaining Foreign Currency accounts with a Licensed Bank or a Financial Company in the kingdom.
- (E) Maintaining Foreign Currency accounts with foreign banks approved by the Central Bank.
- (F) Issuing external transfers to finance invisible payments transactions.
- (G) Exporting Foreign Currency notes and coins and Precious Metals and repatriating their value in convertible foreign currencies.

## **ARTICLE 12**

In selling and buying Foreign Currencies, the Money Changer shall abide by the rates fixed by the Central Bank for Money Changers.

## **ARTICLE 13**

No Money Changer may undertake any of the following business:

- (A) Opening current accounts for clients or accepting any type of deposits or accepting cash margins or Precious Metals.
- (B) Providing loans or any kind of direct or indirect credit facilities.
- (C) Issuing guarantees in local or Foreign Currency, in and outside the kingdom.
- (D) Discounting commercial papers.
- (E) Speculating illegally in Foreign Currencies and Precious Metals in any way or means including spreading baseless news or unfounded claims or offering to sell or buy those currencies or metals in a manner that creates confusion in their dealings and circulation or in increasing or decreasing their rates.
- (F) Crediting or withdrawing from non-resident accounts in local or foreign currencies.

(G) Overdrawing his accounts abroad under any circumstances except in cases resulting from different due payment dates.

(H) Any other business which contravenes the provisions of the foreign exchange control law in force and regulations, instructions and decisions issued thereunder.

#### **ARTICLE 14**

(A) No Money Changer shall borrow from abroad except after obtaining a written approval of the Central Bank.

(b) No Money Changer shall resort to credit facilities, directly or indirectly, from Licensed Banks or financial companies, except within the limits delineated in the Central Bank instructions.

#### **ARTICLE 15**

Partners in a money exchange company must not:

(A) Borrow from or lend the company except in accordance with the instructions to be prescribed by the Board for this purpose.

(B) Maintain current accounts or trust or other accounts with the company.

#### **ARTICLE 16**

(A) Money Changers' records, entries and transactions related to money exchange business shall be subjected to the Central Bank audit and inspection. The Governor may authorize in writing one or more of the Central Bank staff to undertake these functions with the authority to seize when necessary these records and entries.

(B) All information made available to any official of the Central Bank during the course of the audit and inspection conducted in accordance with paragraph (a) of this article shall be considered secret and confidential.

#### **ARTICLE 17**

If the Central Bank finds, as a result of such audit and inspection, that the activities of the Money Changer were performed against the interests of its clients or partners in the money exchange company, the Central Bank must take adequate measures to correct this situation resulting from these activities. The moneychanger who does not fulfill the measures decided upon by the Central Bank in accordance with this article shall be deemed committing a violation.

#### **ARTICLE 18**

Assets of the moneychanger must not be mortgaged without a prior approval of the Board and provided that such mortgage shall have no impact on the financial obligations of the Money Changer.

## **ARTICLE 19**

The Board may, in accordance with instructions it issues, allow any of the hotels and tourism offices in the kingdom to buy Foreign Currency notes and coins and travellers' cheques from their non-resident clients provided that these currencies and cheques shall be sold to the Central Bank if it so desires, or to a Licensed Bank or a Financial Company or a Money Changer.

## **ARTICLE 20**

In extraordinary conditions that threaten economic security, the council of ministers may, upon the recommendation of the Board, decide to stop money exchange business in the kingdom for a period not exceeding fifteen days.

## **ARTICLE 21**

(A) The Money Changer must appoint an authorized auditor to annually audit his accounts within a period not exceeding six months from the beginning of the financial year.

(B) The Central Bank may, if it sees necessary, appoint an authorized auditor to audit the accounts of a Money Changer in addition to the auditor which the latter must appoint in accordance with the provisions of paragraph (a) of this article. The Central Bank may determine the duration of the work of the auditor and his remuneration which the Money Changer shall pay.

## **ARTICLE 22**

(A) The Money Changer shall provide the Central Bank with the following:

1. Semi-annual final accounts within a date not exceeding the end of august of the same year.
2. The required periodic information on his business on the form designated by the Central Bank, within ten days of the given date for their submission, supported by other explanatory data which must correspond to the records in his books.

(B) All accounts, information and data submitted in accordance with the provisions of paragraph (a) of this article shall be considered secret and confidential.

## **ARTICLE 23**

The Money Changer shall submit his annual final accounts to the Central Bank, within three months from the close of his financial year, certified by an authorized auditor. In preparing these accounts, Money Changers shall comply with the instructions issued by the Central Bank for this purpose, and shall publish these accounts in at least two local daily newspapers after being approved by the Central Bank.

#### **ARTICLE 24**

Authorized auditors of moneychangers must notify the Central Bank in writing of any deficiency, error or violation in their transactions. They also must clarify in their reports whether the transactions being scrutinized are in violation of this law and the regulations, instructions and decisions issued thereunder, or the companies law or the provisions of any other legislation in force.

#### **ARTICLE 25**

Any person violating the provisions of paragraph (a) of article 3 of this law shall be punished by imprisonment for a period of not less than one month and not more than six months and by a fine of not less than 500 Jordan dinars and not more than 1000 Jordan dinars.

#### **ARTICLE 26**

(A) if a Money Changer performs any or all the transactions stipulated in paragraphs (a), (b), (c), (d), (e) and (f) of article 11 without a license or in contravention of the instructions issued by the Board thereunder, or in violation of the provisions of article 13 of this law, he shall be punished by a fine of not less than 2000 Jordan dinars and not more than 5000 Jordan dinars. In case this violation is repeated, the punishment shall consist of imprisonment for a period of not less than six months and not more than one year and the maximum limit of the fine as stipulated in this paragraph. In this case, the court shall decide to close the office where the violation was committed and to prevent the violator from practicing this business for a period as it sees fit or to finally revoke his license.

(B) if a Money Changer performs the transactions stipulated in paragraph (g) of article 11 of this law without a license or in violation of related instructions issued by the Board, he shall be punished by a fine of not less than 5000 Jordan dinars and not more than 10000 Jordan dinars and by confiscating the Foreign Currency notes and coins and Precious Metals subject of violation. In case of repetition of violation, the provisions of repetition stipulated in paragraph (a) of this article shall be applied.

#### **ARTICLE 27**

(A) The Board may impose any of the following penalties on a Money Changer who violates any of the provisions of this law:

1. Warning in writing to redress the violation within a period determined by the Board.
2. Closing his office and preventing him from carrying on money exchange business for a period determined by the Board.

(B) The Board may finally revoke the license given to any Money Changer if his violation of the provisions of this law or any regulation or decision issued thereunder is repeated more than twice.

#### **ARTICLE 28**

If the license to carry on money exchange business is revoked in accordance with any of the provisions of this law, the money exchange company whose license is revoked shall be considered under compulsory

liquidation and the Central Bank shall exercise the powers entrusted to the liquidator in accordance with the enacted companies law.

#### **ARTICLE 29**

The Central Bank shall publish in the official gazette names of companies whose licenses are revoked in accordance with the provisions of this law.

#### **ARTICLE 30**

In spite of the contents of the landlords and tenants law in force or any other law, no court shall take a decision to vacate a Money Changer from his rented office which was used for carrying on money exchange business and his license was revoked under any law and the lease conditions shall not be changed, provided that the tenant is entitled in this case to use the place for another business that is not harmful to it.

#### **ARTICLE 31**

The council of ministers may issue regulations necessary for the enforcement of the provisions of this law.

#### **ARTICLE 32**

The prime minister and the ministers shall be responsible for the enforcement of this law.