

# **Law No. ( 26 ) of 2001**

## **Public Debt Management Law**

### **Article (1)**

This law shall be called "The Public Debt Management Law of 2001" and shall enter into force upon its publication in The Official Gazette.

### **Article (2)**

The following terms and phrases, wherever they appear in this law, shall have the meanings assigned to them herebelow unless the context otherwise indicates:

Government	:	The Ministries and Government Departments listed in the General Budget Law.
Committee	:	The Higher Ministerial Committee formed in accordance with this law to manage the public debt.
Ministry	:	The Ministry of Finance.
Minister	:	The Minister of Finance
The Central Bank	:	The Central Bank of Jordan.
Governor	:	The Governor of the Central Bank.
Directorate	:	The Public Debt Directorate of the Ministry
Public debt	:	The outstanding balance of unpaid direct and indirect obligations valued in Jordanian Dinars payable by the government.
External debt	:	The public debt payable in foreign currency.
Domestic debt	:	The public debt payable in Jordanian Dinar.
Register	:	The Register of Government securities prepared in accordance with article (5) of this law.
Registered bond	:	The public debt instrument whose nominal value is registered in the name of its owner in the Register.
Treasury bill	:	A promissory note to pay issued by the Government and whose nominal value is registered in the name of its owner in the Register.
Government Securities	:	Registered bonds and treasury bills issued in accordance with the provisions of this law.

## **The Committee**

### **Article 3**

- A. The formed Committee shall be chaired by the Minister with the membership of each the Minister of Planning and the Governor.
- B. The Committee shall have the following duties and rights which should be raised to the Council of Ministers for ratification :
  - 1. Establish the general framework of policies and strategies for public debt management.
  - 2. Determine clear long and short-term objectives for public debt management.
  - 3. Review the suggestions and recommendations of the concerned government authorities and the Directorate and make the appropriate decisions in this respect.
  - 4. Any other tasks deemed necessary to achieve its objectives.

### **Article 4**

The Committee shall convene every three months by an invitation of its chairman and whenever needed. The meetings shall not be legal unless all members attend.

## **The Register**

### **Article 5**

A register called "The Government Securities Register" shall be established at the Central Bank and shall in particular contain the following:

- 1. The name of the owner of The Government security.
  - 2. Any change in the ownership, mortgage or attachment of the security.
- B. The Register may be maintained electronically and the data issued and signed by the officer in charge of the Register shall be considered equivalent to official securities.

## **Article 6**

On the effective date of this Law, registrations related to government securities shall be incorporated in the "Register" and shall be considered a complementary part thereof, and the verification of the entries shall be subject to the clauses of the Law at the time of their registration.

## **Article 7**

The Central Bank shall exchange tangible or electronic data on a daily basis with the Securities Deposit Center and dealers in Government securities to ensure the uniformity of the data recorded by all the entities, and for this purpose, data shall be matched on a monthly basis.

## **Article 8**

The entries of dealings in the Government securities shall be considered evidence of their ownership.



## **Borrowing**

## **Article 9**

- A. Taking into consideration the contents of any other related law, the Minister shall be authorized by the Council of Ministers to borrow on behalf of the Government interest in accordance with the provisions of this law provided that an approval of the Council of Ministers is obtained on each case of borrowing.
- B. Despite of what is stated in paragraph (A) of this article, the Minister of Planning may, in coordination with the Minister, borrow in accordance with the National Planning Council Law provided that the Council of Ministers approval is acquired through a joint recommendation from the Ministers of Finance and Planning.
- C. The various Government agencies shall be committed to provide the Directorate with all data related to their public debt.

## **Article 10**

Government borrowing shall be restricted to the following objectives:

- A. To finance the General Budget Deficit.
- B. To support the balance of payments.
- C. To finance projects of national priority that are included in the General Budget.
- D. To provide the necessary funds listed in the General Budget or any temporary law issued to deal with disasters and emergencies.
- E. To restructure the internal and external debt.

## **Article 11**

- A. Upon recommendation from The Committee, the Government may borrow by issuing Government securities including direct borrowing in a currency other than the Jordanian Dinar.
- B. The Minister shall, upon consultation with the Governor, decide the annual plan for issuing public debt, and announce it including the terms of subscription in it. And he may, in the same way, make amendments to this plan.
- C. The Minister shall, upon consultation with the Governor, determine the terms for issuing the Government securities.

## **Article 12**

- A. The total nominal value of any of Government securities issuance shall be determined within the provisions governing that issuance.
- B. The maturity period of Government securities shall not exceed 30 years from the date of its issuance.

## **Article 13**

The Governor shall issue directives on the conditions for authorizing persons to deal in the primaries of Government securities.

## **Article 14**

Sufficient funds to meet public debt and its obligations shall be earmarked in the General Budget Law.

## **Article 15**

If the date of repayments of any public debt amount coincides with an official holiday of the Government or commercial banks, debt re-payments shall be made on the next working day.

## **Article 16**

The Central Bank shall be responsible for public debt issuance and the Governor shall, in an agreed upon manner, provide the Minister with monthly reports on the situation of this debt.

## **Article 17**

Government securities shall be traded in the Amman Stock Exchange and may be traded elsewhere.

## **Article 18**

The Government shall not provide financial guarantees for any party except in exceptional and justified cases for investment related to the projects of national interest and Government entities provided that the Council of Ministers, upon recommendations from the Minister, approves the issuance of such guarantees.

## **Article 19**

The public debt represents an absolute and unconditional obligation by the Government and therefore Government securities and Government loans are considered equivalent in terms of their payments priority.

## **Public Debt**

### **Article 20**

Despite of the provisions of any other law, the Government domestic borrowing shall be carried out by issuing Government securities and the Government shall be prohibited from direct domestic borrowings from commercial banks or any other institutions.

### **Article 21**

The outstanding domestic public debt may not, at any time, exceed (60%) of gross domestic product (GDP) at current prices of the latest year for which data is available.

### **Article 22**

The outstanding external public debt may not, at any time, exceed (60%) of gross domestic product (GDP) at current prices of the latest year for which data is available.

### **Article 23**

Despite of any contradictory clause, the total outstanding public debt may not, at any time, exceed (80%) of (GDP) at current prices of the latest year with which data is available.

## **General Provisions**

### **Article (24)**

The Provisions of article (22) and Article (23) shall enter into force on the date approved by the Council of Ministers.

### **Article (25)**

Despite of provisions of any other legislation or any contradictory clause in this law, the Government debt due to the Central Bank shall not exceed the outstanding debt on the date this law enters into force.

### **Article (26)**

The Public Debt Law number (1) of 1971 and all its amendments are abolished.

### **Article (27)**

The prime Minister and Ministers shall be entrusted with the implementation of the provisions of this law.

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