



Jordan Securities Commission

**Instructions of Criteria for Solvency
of Brokerage Companies Operating
on the Stock Exchange**



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**Issued by virtue of the Executive Committee decision
No. 2/95, Dated 4/1/1995**



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Article (1):

These instructions shall be known as the "Instructions of Criteria for Solvency of Brokerage Companies Operating on the Stock Exchange".

Article (2):

The provisions of these instructions shall apply to public shareholding companies specialized in brokerage activities, limited liability companies and general partnerships operating on the Stock Exchange.

Article (3):

Brokers shall collect the balances of accounts receivable (customer credit) resulting from buying securities, within one week as of the rise of such credit.

Article (4):

The sum total of balances of accounts receivable (customer credit) resulting from buying and selling securities shall not exceed 200% of owners' equity.

Article (5):

The sum total of balances of accounts payable (customer credit) resulting from buying and selling securities shall not exceed 200% of owners' equity.

Article (6):

The sum total of commitments of brokers shall not exceed 250% of owners' equity.

Article (7):

- 1- Brokers shall show those amounts drawn from or deposited with the company by the partners under a Current Account for the partners.
- 2- The sum total of withdrawals by all partners shall not exceed 20% of the company's paid-in capital.

Article (8):

Brokers shall keep liquid or cacheable assets for a short period (one week), that are sufficient to cover all short term commitments by at least 100%.

Article (9):

In order to attain the liquid amount referred to in Article 8 of these instructions, special settlements on current asset items shall be made on the following bases:

- 1- Cash at hand and deposits in banks:
This item shall be fully calculated. Deposits attached as a collateral for specific purposes shall be excluded.
- 2- Accounts receivable (customer credit):
 - A- The amount of customer credit that has come to rise for more than one week shall be fully excluded.
 - B- That part of the customer's credit which represents more than 10% of owner's equity shall be excluded.
 - C- That part of the sum total of customer credit which represents more than 200% of owners' equity shall be excluded.



3- Securities portfolio

A- Listed and traded stocks:

They shall be evaluated according to the Market price, and the last closing price of the financial statements shall be adopted.

B- Suspended stocks:

Their values shall be fully excluded, the Market's Management may determine the suspended stocks which fall under this item.

C- Stocks that are traded on the tertiary market:

They shall be evaluated at their nominal value, with consideration to the unpaid installments.

D- Stocks that are not listed nor traded on the tertiary market:

They shall be fully excluded.

E- Development bonds, treasury bills and bonds issued by governmental institutions:

They shall be evaluated according to the market value or, if not possible, according to their nominal value.

F- Bonds issued by public shareholding companies:

They shall be evaluated according to the market value, and if that is not possible, they shall be excluded from calculations.

G- Holding shares in companies other than public shareholding companies:

They shall be fully excluded.

H- Attached or pledged securities:

I- They shall be fully excluded.

J- 15% of the securities portfolio shall be excluded, once all settlements referred to in sub-paragraphs (A-H) are made.

4- Other current assets:

Any current assets in the brokers' accounts which can be turned into cash within a short period shall be taken into account, and any current assets which cannot be turned into cash within a short period shall be excluded.

Article (10):

Brokers shall keep an adjusted amount of owners' equity of not less than 25% of the previous year's annual expenses.

Article (11):

In order to attain the adjusted amount of owners' equity, referred to in Article 10 of these instructions, the following amounts shall be deducted from the amount of owner's equity as shown on the brokers accounts:

- 1- Net value of fixed assets.
- 2- Net value of intangible assets.
- 3- Net value of setting up expenses.
- 4- All exclusions from current assets referred to in Article 9 of these Instructions.

Article (12):

Brokers shall register all their assets in the company's name.

Article (13):

Brokers shall promptly notify the Stock Exchange of any mortgages or attachments on any of their assets thereupon, and shall inform the Stock Exchange of any legal procedures affecting the company's activities.



Article (14):

- 1- Brokers shall provide the Stock Exchange with their annual and semi-annual financial statements, including the company's balance sheet, statement of loss and profit and statement of trading, audited by a chartered auditor, according to forms prepared by the Stock Exchange for this purpose on a date not exceeding the 31st of March of the following year for annual statements, and the 31st of July of every year for semi-annual statements, at the latest.
- 2- Brokers shall provide the Stock Exchange with the financial statements listed below, according to standard forms prepared by the Stock Exchange for this purpose, on a weekly and monthly bases, no further than the second working day of the following week for weekly statements and by the end of the first week of the following month for monthly statements, at the latest.
 - 1- A financial status list, and a statement of loss and profit.
 - 2- A trial balance of accounts.
 - 3- A list of securities portfolio.
 - 4- A list of accounts receivable.
 - 5- A list of accounts payable.

Article (15):

The General Manager may issue any clarification notes in order to explain any item of these Instructions.

Article (16):

These instructions shall become in force as of the 1st of May 1995.

Amended by General Manager's decision no 59/95, of 16/11/1995.