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Vision

The Jordan Securities Commission aims to promote the performance of the National Capital Market to the level of advanced international capital markets in order to create an environment supportive of saving and investment that is marked by transparency, efficiency, and the rule of law.

Message

Jordan Securities Commission seeks, in the context of its contribution in raising confidence in the national economy and encouraging investment and protecting investors, to regulate and supervise the National Capital Market by modernizing legislations, enhancing disclosure, developing continuously human resources, keeping pace with technical developments, and applying the latest international capital market standards and practices.

Jordan Securities Commission

Jordan Securities Commission was established by means of The Securities Law No. 23 for the year 1997 as an independent official institution with a legal personality and financial and administrative autonomy that reports to the Prime Minister. With its establishment the supervisory role was separated from the executive role in the national capital market. The principal functions of the Commission include: legislation, regulation, supervising the securities market, protecting investors in securities, developing the national capital market according to international standards, contributing to its protection from risks so that it may remain a safe haven for investment that attracts investors from within the Kingdom and abroad. The Commission aims to:

1. Protect investors in securities.
2. Regulate and develop the capital market to ensure fairness, efficiency and transparency.
3. Protect the capital market from the risks that may face it.

Parties subject to the supervision of Jordan Securities Commission

1. The Amman Stock Exchange/ Securities Market.
2. The Securities Depository Center.
3. Financial Services Companies.
4. Persons licensed/ registered to work in financial professions.
5. Issuing companies.
6. Mutual investment funds and investment companies.

Duties of the Commission

The most important duties that the Jordan Securities Commission performs in order to achieve its objectives are regulating and monitoring the issuance and trading in securities and disclosure by issuing companies, regulating and licensing financial service companies and persons registered to practice financial professions, monitoring the activities of the Amman Stock Exchange and the Securities Depository Center, and regulating mutual funds and investment companies.

The importance of the Commission as a supervisory body lies in the separation between the supervisory and legislative role from the executive role, which ensures the integrity of trading in securities, thereby protecting local, Arab and international investors, within the framework of an attractive and safe investment environment. The Commission also provides the environment of disclosure and transparency that are needed in the securities market, and provides investors

with all the necessary information that they need to make their investment decisions, whether this information is related to the performance of shareholding companies or to trading activity.

The Guide

In order to raise awareness among the parties concerned and to manage knowledge related to the legislation of the national capital market, Jordan Securities Commission prepared a guide of the main legal duties required of the parties concerned. These include financial service companies, persons registered to practice financial service professions, issuing companies, and investors. The guide was designed to make it easy to locate the legal obligations of each party concerned. It also provides the legal reference for each obligation, and explains the legal measures that Jordan Securities Commission may take against those who violate the provisions of the legislation in force. In addition , the guide also refers to the criminal offences as provided for under the law .

The guide was prepared according to the capital market legislations in force, which includes the Securities Law No 76 for the year 2002, Instructions of Issuance and Registration of Securities for the year 2005, and the Instructions on Financial Services Licensing and Registration for the year 2005. It should be noted that the guide is not a substitute for any of the legislations in force; it is just a reminder of the main provisions in the legislation regarding obligations and legal requirements.

Financial Service Companies

Definition

- **Financial Services Companies** are companies licensed by the Commission to practice one or more financial service activities, namely as: financial broker, dealer, investment trustee, investment manager, financial advisor, issuance manager, **issuance trustee**, custodian, margin financing, or any other service specified by the Commission in accordance with legislations in force.

The Securities Law and the Instructions on Financial Services Licensing and Registration defined the activities of financial services as follows:

- **Financial Broker:** buying and selling securities for the account of others.
- **Dealer:** buying and selling securities directly for the private account of the financial service company through the Market.
- **Investment Manager:** managing securities portfolios for the account of others, including the management of mutual funds.
- **Investment Trustee:** monitoring the management of clients' investments to ensure their conformity with the client's investment principles and objectives as specified in the investment agreement concluded between the client and the investment manager.
- **Financial Advisor:** providing advice and consultation to others in the area of investment in securities, in return for charge or commission.
- **Issuance manager :** managing the issuance and marketing of securities on behalf of the Issuer.
- **Custodian:** Any legal person engaged in the business of providing safe custody for securities as provided in the Instructions.

Licenses granted by the Commission to practice any financial service expire on the thirty first day of December of each year. Interested companies shall submit applications to renew their licenses within a period of thirty days from the beginning of the new year.

Introduction

This guide lists the most important duties required of financial service companies that are regulated by means of national capital market legislations. We hope that it may help those in charge of these companies to comply with their legislated duties.

We also refer hereunder to the legal sanctions that may be imposed in case of any violation of these duties. The Board of Commissioners of Jordan Securities Commission has the right to take one or more of the following legal measures:

1. Publish the findings of the inquiry and/ or publish the violation.
2. Order the violator to eliminate the violation or desist from the activity that constitutes the violation.
3. Suspend, revoke, or restrict the license.
4. Impose a fine not more than JD 50,000.
5. Refer the violation to the competent court.

In addition to the legal sanctions mentioned above, violation of certain duties constitutes a crime punishable by a prison sentence and a monetary fine as indicated in this guide.

Furthermore, the Board of Commissioners of Jordan Securities Commission has the legal power, for reasons related to investor protection, to impose one or more of the following sanctions for the period that it deems appropriate:

1. Cease or suspend any activity related to securities or a certain security.
2. Suspend the activities of a licensed person.

General requirements

1. The company shall continually comply with all the licensing requirements as provided under by the Law and the instructions.
Legal basis: Article 59 / A of the Securities Law
2. The company shall comply with provisions of the laws, regulations, and instructions in regulating its activities in a responsible manner, and provide sufficient human, technical, and financial resources to conduct its activities.
Legal basis: Article 6/ A of the Professional Conduct standards Code
3. The company shall comply with the Commission's requests to submit the required documents or to appear for testimony.
Legal basis: Article 18/ A of the Securities Law
4. The company shall appoint a compliance officer who is technically accredited by the Commission.
Legal basis: Article 68/ A of the Licensing Instructions
5. The company shall identify the person authorized to approve the opening and closing of clients' accounts and to monitor their trading in securities.
Legal basis: Article 53 / B of the Licensing Instructions
6. The company shall draw written instructions for dealing with its clients that comply with due diligence and with the regulations, instructions, and decisions issued in this regard
Legal basis: Article 53/ A of the Licensing Instructions
7. The company shall refrain from any deception or misrepresentation related to securities or any prohibited acts related to licensed activities in accordance with the provisions of the Securities Law.
Legal basis: Articles 107 and 56/ B of the Securities Law
8. The company shall not permit any fictitious or false activities that constitute trading with the intention of giving traders the false impression of an active securities market.
Legal basis: Article 3/ A of the Professional Conduct standards Code
9. The company shall not adversely affect, or attempt to negatively affect in any way the capital market, whether individually or in collusion with others.
Legal basis: Article 56 / D of the Securities Law.
10. The company shall refrain from any behavior that may adversely affect the reputation of the stock exchange or any of its members.
Legal basis: Article 15 of the Professional Conduct standards Code

11. The company shall refrain from any direct or indirect act that aims to affect the price of securities by creating a chain of trading activities on a certain security, which creates a false demand or offer on securities, or that causes a rise or drop in the price of these securities with the intention of encouraging others to buy or sell these securities as the case may be.
Legal basis: Articles 2/3 of the Professional Conduct standards Code
12. The company shall not commit any act that aims to give misleading or incorrect data, statements, or information, or to spread rumors regarding a rise or drop in the prices of securities.
Legal basis: Articles 3/3 of the Professional Conduct standards Code
13. The company shall refrain from any activities that do not conform to correct practices in the stock exchange or to the principles of a fair and transparent market.
Legal basis: Articles 3/9 of the Professional Conduct standards Code
14. The company shall prepare its financial statements in accordance with the accredited international accounting standards.
Legal basis: Articles 16 of the Disclosure Instructions
15. The company shall keep its accounting records in accordance with accredited international accounting standards.
Legal basis: Articles 54 C of the Securities Law
16. The company shall keep its records and financial transactions in accordance with accepted international accounting standards.
Legal basis: Articles 6 B of the Professional Conduct standards Code
17. The company shall put in place appropriate rules, lists, regulations, and procedures to conduct and settle their activities and keep records and reports. It shall also draw appropriate internal administrative and supervisory procedures.
Legal basis: Articles 6 A 1&2 of the Professional Conduct standards Code
18. The company shall not defame any other member of the market or undermine its status.
Legal basis: Articles 3/4 of the Professional Conduct standards Code
19. The company shall not defame another company or undermine its professional status.
Legal basis: Article 56 A of the Licensing Instructions
20. The company shall take all the necessary measures to prevent the execution of any trading that relates to, or that may be related to, any money laundering transaction or any prohibited act. The company shall notify the Commission immediately upon learning of such an act .
Legal basis: Article 69 of the Licensing Instructions
21. The Financial Broker / Dealer shall comply with the financial solvency standards approved by the Commission.
Legal basis: Article 19 of the Licensing Instructions

22. The Company's auditor shall not be a debtor or a creditor to the Company or to any of its subsidiaries or a guarantor of any of its debtors.
Legal basis: Article 89 of the Licensing Instructions
23. The Investment Manager shall keep records that include the documents of each investment transaction, and the details thereof.
Legal basis: Article 30 of the Licensing Instructions
24. The Financial Broker/ Dealer shall register all his assets in the name of the company.
Legal basis: Article 12 of the Solvency Instructions
25. The total obligations of a Financial Broker/ Dealer shall not exceed 250% of owners' equity.
Legal basis: Article 6 of the Solvency Instructions
26. The Financial Broker shall show the amounts drawn from or deposited with the company by the partners under a partners' current account, provided that total withdrawals by partners shall not exceed 20% of the company's paid up capital.
Legal basis: Article 7 of the Solvency Instructions
27. The Financial Broker/ Dealer shall keep liquid assets or assets that can be liquidated within a short period (one week), sufficient to cover all short term commitments by at least 100%.
Legal basis: Article 8 of the Solvency Instructions
28. The Financial Broker/ Dealer shall keep an amount of adjusted owners' equity of not less than 25% of the previous year's annual expenses.
Legal basis: Article 10 of the Solvency Instructions

Disclosure requirements

29. A non-issuing company shall prepare, submit to the Commission, and publish an annual report within a period not exceeding three months from the end of its fiscal year.
Legal basis: Article 71 of the Licensing Instructions
30. A non-issuing company shall prepare, submit to the Commission, and publish a semi-annual report within a period not exceeding one month from the end of the lapse of six months of the fiscal year.
Legal basis: Article 72 of the Licensing Instructions
31. Issuing companies shall prepare and submit their financial statements according to the deadlines and disclosure requirements related to issuing companies.
Legal basis: Article 70 of the Licensing Instructions
32. The Financial Broker / Dealer shall provide the Commission with the weekly and monthly statements according to the prepared form, within a period not exceeding the second working day of the following week for weekly statements and the end of the first week of the following month for monthly statements.
Legal basis: Article 14 B of the Solvency Instructions

33. A company that practices financial service activities through branches or subsidiaries outside the Kingdom shall provide the Commission with annual and semi-annual financial statements for the branch or the subsidiary.
Legal basis: Article 81 of the Licensing Instructions
34. A limited liability company practicing brokerage activities shall provide the Commission with the name/s of its subsidiaries as well as the objectives and memorandum and articles of association of the subsidiary/ies and any change thereto immediately.
Legal basis: Article 21 of the Licensing Instructions
35. The company shall publish, at the beginning of the year, the names of its registered persons and the type of their registration. This includes identifying those authorized to receive orders to buy or sell. The company shall also publish the start or termination of its relationship with any of its registered persons immediately upon occurrence.
Legal basis: Article 74 of the Licensing Instructions
36. The company shall notify the Commission in writing of its membership in the boards of directors of public shareholding companies and of any change thereto within seven days of such occurrence.
Legal basis: Article 75 of the Licensing Instructions
37. The company shall notify the Commission in writing without delay of any changes to the information provided to the Commission.
Legal basis: Article 76 of the Licensing Instructions
38. The company shall notify the Commission immediately if it faces financial difficulties or is likely to be exposed to such difficulties in the near future.
Legal basis: Article 77 of the Licensing Instructions
39. The company shall report to the Commission on its financial status, its liquidity level, financial solvency, profits, and administrative status, including remunerations received by members of the board and executive management, as well as reports on the financial status of the company's subsidiaries and their closing accounts.
Legal basis: Article 78 of the Licensing Instructions
40. The company shall notify the Commission if there is change in its name and address within the Kingdom, or with any of its subsidiaries.
Legal basis: Article 80 of the Licensing Instructions
41. The company shall notify the Commission if there is change in its objectives or articles of association.
Legal basis: Article 80 of the Licensing Instructions
42. The company shall notify the Commission if there is change of its chairman or any member of the board or members of the upper management that have executive power, with an explanation for the reason of the resignation, termination, or discontinuation of work, and any change in the positions of the above persons.
Legal basis: Article 80 of the Licensing Instructions

43. The company shall notify the Commission if there is an appointment or termination of any registered person on its staff, with an explanation for the reasons of termination.
Legal basis: Article 80 of the Licensing Instructions
44. The company shall notify the Commission if it closes any of its branches within the Kingdom or abroad.
Legal basis: Article 80 of the Licensing Instructions
45. The company shall notify the Commission if there is a change of a manager at any of its branches, and the address of the branch concerned.
Legal basis: Article 80 of the Licensing Instructions
46. The company shall notify the Commission if there is a change in the company's capital.
Legal basis: Article 80 of the Licensing Instructions
47. The company shall notify the Commission if there is a change of the company's auditor.
Legal basis: Article 80 of the Licensing Instructions
48. The company shall notify the Commission if the company's assets are sequestered or mortgaged .
Legal basis: Article 80 of the Licensing Instructions
49. The company shall notify the Commission if there are sudden material losses that affected the financial situation of the company, with an explanation of the reasons.
Legal basis: Article 80 of the Licensing Instructions
50. The company shall notify the Commission if there are decisions taken by the board of directors or management regarding the start of a merger or voluntary liquidation.
Legal basis: Article 80 of the Licensing Instructions
51. The company shall notify the Commission of any lawsuits filed against accredited persons in the company and the lawsuits filed by the company or against it that may have a material effect on the financial status of the company and of its expected effect on the profitability of the company.
Legal basis: Article 80 of the Licensing Instructions
52. The company shall notify the Commission if a new company auditor is elected or if the auditor is changed or his position becomes vacant within two weeks of such occurrence.
Legal basis: Article 20 of the disclosure Instructions
53. The financial broker shall inform the Commission immediately of any mortgage or sequestration on any of its assets or of any legal proceedings that affect the conduct of the company's activities.
Legal basis: Article 13 of the Solvency standards Instructions
54. The company, except for private shareholding companies whose shares are listed in the Market and public shareholding companies, shall notify the Commission in writing immediately in case of any changes in its ownership along with the official documents that prove it.
Legal basis: Article 79 of the Licensing Instructions

55. The company shall notify the Commission in writing of its membership in boards of directors of public shareholding companies, and of any changes thereof within seven days from such occurrence.
Legal basis: Article 75 of the Licensing Instructions
56. The Company shall notify the Commission in writing without delay of any change in the information it provided to the Commission.
Legal basis: Article 76 of the Licensing Instructions
57. The Financial broker shall provide the Commission with any agreements it concludes with banks upon its coming into effect and of any obligation or guarantee made to third parties.
Legal basis: Article 20 A of the Licensing Instructions
58. The Financial Broker/ Dealer shall notify the Commission of any agreements, undertakings, or guarantees given by its subsidiaries or any of its managers, members of its board of directors, members of its board of executives, or partners, that give rise to a financial obligation or that affect its financial position, within seven working days of the end of the month in which such event occurred.
Legal basis: Article 20 B of the Licensing Instructions
59. The company shall notify the Commission immediately in case of replacing or dismissing its compliance officer with an explanation of the reasons of such dismissal .
Legal basis: Article 68 E 2 of the Licensing Instructions
60. The company shall notify the Commission if it decides to discontinue its activities
Legal basis: Article 61 A of the Securities Law

The company's relations with its clients

61. The Financial Broker shall observe the legal conditions and requirements that should be provided in the agreement concluded with its clients. The Broker shall not limit or exempt itself from any liability stated under the law .
Legal basis: Article 5 of the Trading Instructions
62. The company shall not limit or exempt itself from any liability stated under the applicable laws, regulations, and instructions.
Legal basis: Article 8 of the Professional Conduct standards Code
63. The company shall observe the conditions that need to be included in the agreements concluded with its clients.
Legal basis: Article 7 of the Professional Conduct standards Code
64. The company shall not buy, sell, or otherwise dispose of securities without a written authorization from its owner or without a written agreement that authorizes it to do so.
(This violation carries penalties that include a prison sentence not exceeding three years and a monetary penalty not exceeding JD 100,000, in addition to a fine

that is no less than double the profit realized or double the loss avoided, provided that it does not exceed five times that profit or loss).

Legal basis: Articles 63 C and 110 of the Securities Law.

65. The company shall conclude a written agreement with its client for each of the financial services it provides for him; said agreements shall be in compliance with the law, regulations, instructions, and decisions issued pursuant thereto.
Legal basis: Articles 63 A of the Securities Law and 54 A of the Licensing Instructions.
66. The company shall certify the validity of its clients' signatures after verifying their identities and capacity for contracting.
Legal basis: Article 63 B of the Securities Law
67. The company shall verify the client's identity, financial ability, capacity for contracting, and reputation.
Legal basis: Article 53 C A the Licensing Instructions
68. The Financial Broker shall open an independent trading account for each client .
Legal basis: Article 15 of the Licensing Instructions
69. The Financial broker shall obtain written , telephonic , or electronic authorizations authorizing him to dispense with the securities. The authorization shall specify the name of the client, the name of the issuer, the type of transaction (buying or selling), the number of securities, the price, the date and time of the authorization, and its period of validity.
Legal basis: Article 6 of the Trading Instructions
70. The Financial Broker shall establish the date and time or receiving the authorization to observe the sequence when entering the orders into the trading system, including authorizations for the benefit of the portfolio.
Legal basis: Article 7 A of the Trading Instructions
71. The Financial Broker shall note in writing the information related to authorization by telephone on his written authorization form before conducting the trading.
Legal basis: Article 7 B of the Trading Instructions
72. The company shall refrain from carrying out any buying or selling activities for the account of the client without his immediate knowledge of the details of that transaction or contrary to the agreement concluded with him .
Legal basis: Article 9 of the Professional Conduct standards Code
73. The Financial Broker shall keep all authorizations in chronological order based on the time of its arrival and for the period specified by the Board of Directors of the Amman Stock exchange.
Legal basis: Articles 9 and 10 A of the Trading Instructions
74. The company shall duly settle the transactions that it conducts, in accordance with the regulations and instructions in force.
Legal basis: Article 5 of the Professional Conduct standards Code

75. The Financial Broker shall not dispense or trade with the funds or securities of its clients in a manner that violates the provisions of the law , regulations, and instructions issued pursuant thereto, or to the written agreement concluded with them.
Legal basis: Article 4 A of the Trading Instructions
76. The company shall refrain from adversely affecting competition by manipulating commission rates or fees charged to clients, or limiting the services provided to them, individually or in collusion with others.
Legal basis: Article 56 C of the Securities Law
77. The company shall disclose to its clients of any direct or indirect interest that it has in any security before buying or selling that security for the account of the client.
Legal basis: Article 63 of the Licensing Instructions
78. The Financial Broker shall not use the funds of the client to carry out transactions for his own account or the accounts of others.
Legal basis: Article 4 B of the Trading Instructions
79. The company shall not carry out any buying or selling transaction for the account of the client the company if it has an interest in such a transaction , except after informing the client and taking the client's best interest into account .
Legal basis: Article 10 C of Professional Conduct standards Code
80. The Financial Broker shall take the necessary measures that ensure the realization of the client's interest and treat him fairly in the case where the broker has an interest in the transaction that is to be carried out for the account of the client.
Legal basis: Article 13 of the Trading Instructions
81. The company shall not charge commissions that exceed the upper and lower limits specified by the Securities Law.
Legal basis: Article 5/3 Professional Conduct standards Code.
82. In carrying out its activities, the company shall observe the rules of professional conduct, act with loyalty and dedication for the benefit of its clients, in a manner that maximizes their interests and realize investment objectives without discrimination between them, charging them excessive commissions and fees, or guaranteeing or promising them certain profits, or otherwise engaging in fraudulent or deceptive practices.
Legal basis: Article 57 of the Securities Law
83. The company shall not misuse the funds of clients or shareholders by misplacing or misdirecting them.
Legal basis: Article 56 A of the Securities Law
84. The company shall not carry out activities in its clients portfolios for the sole purpose of receiving a commission.
Legal basis: Article 7/3 of the Professional Conduct standards Code

85. The Financial Broker shall not conduct a transaction on a specific security for its own account or for the account of clients whose investment it manages if the broker has started a financial consultation related to that security which has not yet been published.
Legal basis: Article 14 of the Trading Instructions
86. The Financial Broker shall notify the client of all transactions conducted for his account as soon as they take place .
Legal basis: Article 12 of the Trading Instructions
87. The company shall not disclose the secrets of its clients
Legal basis: Article 3/8 of the Professional Conduct standards Code
88. The Financial Broker shall not carry out any transactions on any securities for its own account or for the account of any client based on inside information related to that security or any other related security.
Legal basis: Article 16/A of the Trading Instructions
89. The Financial Broker shall not give any person financial consultation based on inside information. **Legal basis: Article 16/C of the Trading Instructions**
90. The Financial Broker shall not carry out any orders on behalf of its clients if it knows that the order is based on inside information.
Legal basis: Article 16/D of the Trading Instructions
91. The company shall send to each one of its clients a statement of account at least once every three months, showing the client's balance of securities and the details of the account's movements.
Legal basis: Article 61/A of the Licensing Instructions
92. The investment trustee shall notify the Commission, the client, and the client's auditor of any violations committed by the investment manager immediately upon learning of such violation .
Legal basis: Article 24 of the Licensing Instructions
93. The Company shall not dispose of the clients' funds except in accordance with the written agreement concluded with them and with the provisions of the Securities Law regulations, instructions and decisions issued pursuant thereto.
Legal basis: Article 57 A of the Licensing Instructions
94. The company shall provide all its clients as well as the Commission with a copy of its criteria for ensuring fairness in allocating investment opportunities to the clients.
Legal basis: Article 62 of the Licensing Instructions
95. The company shall abide by the principles of honor, integrity, fairness, honesty and the standards of professional conduct, and it shall work to constantly promote the clients' interests and protect their rights.
Legal basis: Article 65 C of the Licensing Instructions
96. The company shall avoid any conflict of interest that might arise from providing more than one type of financial service to its clients.

Legal basis: Article 3 C of the Licensing Instructions

97. The Financial Broker shall verify the ownership of securities and that they are not subject to any sequestration, mortgage, or restriction on conveyance before selling them.

Legal basis: Article 14 of the Licensing Instructions

98. The Financial Broker shall not pay or credit any of his clients' accounts for the price of securities prior to completing the sale thereof on behalf of the client.

Legal basis: Article 18 of the Licensing Instructions

99. The Investment Manager shall segregate the each client's securities from those of other clients and from its own.

Legal basis: Article 28 A of the Licensing Instructions

100. The Financial Advisor shall not include any untrue or misleading information or data in its consultation relating to the services it provides to its clients and to others.

Legal basis: Article 35 of the Licensing Instructions

101. The company shall segregate its own funds and securities from those of its clients.

Legal basis: Article 55 A of the Securities Law

102. The company shall not serve as both investment manager and investment trustee for the same account or for the same client.

Legal basis: Article 52 of the Securities Law and Article 32 of the Licensing Instructions

103. The Financial Broker / Dealer shall refrain from any act that aims to give a misleading and false impression regarding the price or volume of trading of any security or its activity in a manner that affects the interaction of supply and demand forces on that security.

Legal basis: Article 15 A of the Trading Instructions

104. The Investment Manager shall keep independent accounts for each client or portfolio that it manages.

Legal basis: Article 28 B of the Licensing Instructions

105. The Investment Manager shall not acquire any facilities against its clients' portfolios, or use such portfolios as collateral for any of its obligations.

Legal basis: Article 28 E of the Licensing Instructions

106. The Investment Manager shall provide its client with a monthly report unless the agreement concluded between them stipulates a shorter period of time.

Legal basis: Article 29 A of the Licensing Instructions

107. The company shall ensure the compatibility of the purchasing or selling transactions conducted for the client's account with the client's investment objectives.

Legal basis: Article 53 C2 of the Licensing Instructions

108. The company shall not use client's securities or those deposited with it in custody for its own interest .

Legal basis: Article 3/6 of the professional Conduct standards Code

109. The company shall ensure that the total sum of balances of accounts receivable (customer debt) resulting from buying and selling securities shall not exceed 200% of owners' equity.

Legal basis: Article 4 of the Financial Solvency Instructions

110. The company shall ensure that the total sum of balances of accounts payable (customer debt) resulting from buying and selling securities shall not exceed 200% of owners' equity.

Legal basis: Article 5 of the Financial Solvency Instructions

111. Financial brokers shall collect the balance of accounts receivable (customer debt) resulting from buying and selling securities, within one week of their origination.

Legal basis: Article 3 of the Financial Solvency Instructions

Registered Persons

Definition

A registered person is any natural person who is accredited by the Commission to practice administrative and technical activities for a financial service company that is licensed by the Commission.

Registration includes:

- A. **Administrative registration**, granted to a natural person to practice administrative activities, including members of the company's board of directors, management, and any manager, administrative officer, or staff member whose work is related to securities.
- B. **Technical registration**, granted to practice any of the following activities: brokerage, investment trusteeship, investment management, financial advisor, issuance management, issuance trusteeship, custodianship, and any other activity decided by the Board.

Licenses granted by the Commission to practice the activities of technical registered persons expire on the 31st day of December of each year. Registered persons who wish to apply for renewal of their registration should do so within a period of thirty days from the start of the new year.

Introduction

This guide lists herewith the most important duties required by registered persons to practice financial professions regulated by national capital market legislation. We hope that it may help them to comply with their duties.

We also wish to list herewith the legal punitive measures that result in case of any violation of these duties. The Board of Commissioners of the Jordan Securities Commission has the right to take one or more of the following legal measures:

1. Publish the findings of the inquiry and/ or publish the violation.
2. Issue an order to the violator to eliminate the violation or desist from the activity that constitutes the violation.
3. Suspend, terminate, or limit the license.
4. Impose a fine not exceeding JD 50,000.
5. Refer the violator to the Competent Court.

In addition to the legal procedures above, violation of certain obligations constitute a crime punishable by a prison sentence and a monetary fine as indicated in this guide.

Furthermore, the Board of Commissioners of the Jordan Securities Commission has the legal power, for reasons related to protecting investors, impose one or more of the following measures for the period that it deems appropriate:

1. Cease or suspend any activity related to securities or a certain security
2. Suspend the activities of the registered person.

General requirements

1. A registered person shall practice his/ her activities through one financial service company.

Legal basis: Article 44 of the Licensing Instructions

2. A registered person shall continuously fulfill all registration requirements stipulated by the Law and specified by the instructions.
Legal basis: Article 59 A of the Licensing Instructions
3. In carrying out their activities, registered persons shall abide by the rules of professional conduct and act with honesty and integrity to serve the interests of their clients and realize their clients' investment objectives without discriminating between them, charging them excessive commissions and service fees, or guaranteeing or promising them specific profits, or otherwise engaging in any form of fraudulent or deceptive practices.
Legal basis: Article 57 of the Securities Law
4. A Registered Person shall abide by the principles of honor, integrity, fairness, honesty and standards of professional conduct, and strive constantly to serve the interests of clients and protect their rights.
Legal basis: Article 52 B of the Licensing Instructions
5. A Registered Person shall not misdirect clients' funds, including misapplying or otherwise misusing these funds.
Legal basis: Article 56 A of the Securities Law
6. A Registered Person shall not defame another registered person or undermine his professional status.
Legal basis: Article 52 A of the Licensing Instructions
7. A Registered Person shall not act individually or in collusion with others, to affect competition adversely by manipulating commissions or service fees charged to clients, or by limiting the types of services provided to them.
Legal basis: Article 56 C of the Securities Law
8. A Registered Person shall not practice deception, misrepresentation or prohibited acts.
Legal basis: Article 56 B of the Securities Law
9. A Registered Person shall not act individually or in collusion with others, to adversely affect the capital market in any way whatsoever.
Legal basis: Article 56 D of the Securities Law
10. The Registered Person shall respond to the Commission's request to hear his statements on matters specified by the Commission and during the period determined in such request .
Legal basis: Article 88 of the Licensing Instructions
11. A Registered Person shall not sell or dispose of any securities without a written authorization from its owner or a written agreement authorizing him to do so.
Legal basis: Article 63 C of the securities law
12. A Registered Person shall preserve the secrecy of information and activities related to the Stock Exchange and shall not disclose such information .
Legal basis: Article 12 of the Professional conduct standards Code

13. The Registered Person shall take all measures and precautions necessary to ensure the safety of the Stock Exchange electronic systems and to protect them from damage or alteration.

Legal basis: Article 13 of the Professional conduct standards Code

Disclosure Requirements

14. The Registered Person shall notify the Commission in writing without delay of any changes in his personal address, his residence, or his business address.
Legal basis: Article 76 of the Licensing Instructions
15. The Registered Person shall notify the Commission in writing within one week of the occurrence of any change of his personal address, residential address, or business address.
Legal basis: Article 51 A of the Licensing Instructions
16. The Registered Person shall notify the Commission in writing, within a week of his appointment with the company or termination of such appointment or termination, with an explanation of the reasons for termination.
Legal basis: Article 51 B of the Licensing Instructions
17. The Registered Person shall notify the Commission in writing, within a week if any judicial proceedings has been taken against him, or if he is put under investigation by a local or foreign authorities
Legal basis: Article 51 C of the Licensing Instructions
18. The Registered Person shall notify the Commission in writing, within a week of the occurrence, if he loses any of the conditions of his registration.
Legal basis: Article 51 D of the Licensing Instructions
19. A Registered Person practicing brokerage shall provide the Commission with monthly reports on any trading in securities (selling as well as buying) by him and his relatives, within seven days from the end of the month in which the trading took place.
Legal basis: Article 10 of the Disclosure Instructions
20. A Registered Person shall notify the Commission in writing of his membership in boards of directors of public shareholding companies, and of any change thereto within seven days of its occurrence.
Legal basis: Article 75 of the Licensing Instructions

Issuing Companies

Definition

An issuer is any legal person that issues or announces the intention to issue securities, in specific public shareholding companies and investment funds.

An issuer of securities shall submit to the Commission an application for the registration of its securities in accordance with the legislation in force. The issuer shall also register its securities and deposit them with the Securities Depository Center. Finally, the issuer shall apply for listing in the market.

Securities are defined as ownership rights or any evidences , local or foreign , that are commonly recognized as securities and considered as such by the Board. Most importantly, these include shares issued by issuing companies, bonds, subscription rights, and shares and investment units of mutual funds

Introduction

This guide lists the most important duties required from securities issuers that are regulated by national financial market legislations. We hope that it may help those in charge of these companies to comply with their legislated duties.

We also list herewith the legal punitive measures that result in cases of any violation to these duties. The Board of Commissioners of the Jordan Securities Commission has the right to take one or more of the following legal measures:

1. Publish the findings of the inquiry and/ or publish the violation.
2. Order the violator to eliminate the violation or desist from the activity that constitutes the violation.
3. Order the cessation of issuance or trading in any securities issued by the violator related to the violation.
4. reject or suspend the prospectus
5. Impose a fine not exceeding JD 50,000.
6. Refer the violator to the Competent Court.

In addition to the legal measures mentioned above there are violations that are considered criminal offences punishable by imprisonment or imposition of monetary fines as indicated in this guide .

Furthermore, the Board of Commissioners of the Jordan Securities Commission has the legal power, for reasons related to protecting investors, impose one or more of the following measures for the period that it deems appropriate:

1. Cease or suspend any activity related to securities or a certain security
2. Suspend the public offer of a security.

General requirements

1. Every Issuer in the Kingdom shall submit to the Commission an application for registering securities therewith.

Legal basis: Article 5 of the Securities Law

2. An issuer who wishes to offer its securities outside the Hashemite Kingdom of Jordan ,or list its securities on a stock exchange or trading market in securities outside the Kingdom or must receive the prior approval of the Commission.
Legal basis: Article 72 C of the Securities Law and Article 20 of the Issuance Instructions
3. The company resulting from the conversion of its legal capacity into a public shareholding company, shall apply to the Commission for registration of its securities within six months from the date of completion of the conversion procedures at the Ministry of Industry and Trade and the issuance of the final approval thereof.
Legal basis: Article 9 D of the Issuance Instructions
4. The issuer shall conclude a contract with a licensed issuance manager to prepare the prospectus
Legal basis: Article 11 of the Issuance Instructions
5. An issuer shall register the securities that it issues at the Securities Depository Center.
Legal basis: Article 81 A of the Securities Law
6. All public shareholding companies established in the Kingdom, and all public issuers therein are required to apply for listing of its securities for trading on the Market.
Legal basis: Article 72 B of the Securities Law
7. No issuer shall make a public offer without a valid prospectus.
(This violation carries penalties of a prison sentence for a period not exceeding one year and a fine not exceeding JD 100,000 in addition to a fine of no less than twice the profit realized or twice the loss avoided, provided this does not exceed five times that profit or loss.)
Legal basis: Articles 34 A 1 and 42 D and 110 of the Securities Law
8. The issuer shall comply with the requirements of the prospectus as specified by the Commission.
Legal basis: Article 42 C of the Securities Law
9. An issuer shall not include false data pertaining to material facts or omit such data from the prospectus.
Legal basis: Article 42 A of the Securities Law
10. The prospectus or any of the accompanying information shall conform to the requirements of the Law , regulations, instructions and decisions issued pursuant thereto, and with the requirements of public interest and investors protection;
Legal basis: Article 41 B 1 of the Securities Law
11. The issuer shall not provide any incorrect, inaccurate, or misleading data in any of the documents submitted to the Commission.
Legal basis: Articles 41 and 107 A of the Securities Law
12. The issuer shall pay the required fees for validating the prospectus.
Legal basis: Article 41 B 3 of the Securities Law

13. In the case of public issuance, the issuer shall specify in the prospectus the period of the public offer and the period of subscription or sale, as the case may be.
Legal basis: Article 14 A of the Issuance Instructions
14. The issuer shall prepare an appendix to the prospectus approved by the Commission, to be appended to the prospectus before the start of subscription or sale in case of a material change to the data in the prospectus or if any new material emerges during the period of public offer and before subscription or sale.
Legal basis: Article 17 of the Issuance Instructions
15. The board of directors of the issuer shall form an auditing committee, which shall consist of three non - executive members of the board, and shall notify the Commission of the committee's formation and any changes thereto.
Legal basis: Article 46 A of the Securities Law
16. Issuers shall prepare their financial statements in accordance with international accounting standards.
Legal basis: Article 14 of the Disclosure Instructions
17. Issuers shall comply with all the Commission's requests to submit the required documents or appear for testimony.
Legal basis: Article 18 B of the Securities Law

Disclosure Requirements

18. The issuer shall submit to the Commission and publish its preliminary business results within 45 days of the end of its fiscal year, after the auditor has conducted the preliminary audit.
Legal basis: Article 43 A 3 B of the Securities Law and Article 3 of the Disclosure Instructions
19. The issuer shall submit to the Commission an annual report within 90 days of the end of its fiscal year.
Legal basis: Article 43 A 1 of the Securities Law and Article 4 of the Disclosure Instructions
20. The issuer shall publish its annual statements after their approval by the company's board of directors and directly upon releasing the report of the company's auditors. The published material shall also include an adequate summary of the board of directors' report and the report of the company's auditors during 90 days from the end of its fiscal year .
Legal basis: Article 43 A 1 of the Securities Law and Article 5 of the Disclosure Instructions
21. The issuer shall submit to the Commission and publish a comparative semi - annual report within 30 days of the end of one half of the financial year, and after the auditor has conducted its preliminary audit
Legal basis: Article 43 of the Securities Law and Article 6 of the Disclosure Instructions

22. Any issuer that changes its fiscal year shall submit to the Commission and publish the financial statements that cover the transitional period from the end of the preceding fiscal year until the beginning of the new fiscal year, within forty-five days from the end of the transitional period.
Legal basis: Article 7 of the Disclosure Instructions
23. The issuer shall notify the Commission without delay and by any means that ensure the required speed, whenever a new material fact emerges.¹
Legal basis: Article 8 of the Disclosure Instructions
24. An issuer shall immediately make a public statement whenever any material fact emerges.
Legal basis: Article 43 D of the Securities Law and Article 8 of the Disclosure Instructions
25. The issuer shall submit to the Commission a detailed report on the material fact and a copy of the public statement within a week of the occurrence of the material fact.
Legal basis: Article 9 A of the Disclosure Instructions
26. The issuer shall immediately issue a public statement confirming, denying, or correcting any news item published in the media regarding a material fact related to the issuer.
Legal basis: Article 9 B of the Disclosure Instructions
27. The issuer shall notify the Commission without delay and by any means that ensure the required speed a report on the election of the board of directors or the executive board or any change in the composition or identity of any members thereof. The issuer shall also make a public statement in this regard.
Legal basis: Article 43 A 4 of the Securities Law and Article 8 I of the Disclosure Instructions
28. The issuing Company shall notify the Commission in writing of the names, positions and qualifications of appointed or resigning members of the senior executive management within seven days of the appointment or resignation.
Legal basis: Article 11 of the Disclosure Instructions
29. The issuer shall notify the Commission in writing if a new auditor is elected or if the auditor is changed or if the auditor's position becomes vacant, within two weeks of the event.
Legal basis: Article 20 of the Disclosure Instructions
30. The Issuer shall inform the Commission in writing of any changes to the information in the prospectus as soon as they occur, whether or not the prospectus has been declared valid or not.
Legal basis: Article 40 of the Securities Law

¹ Attached is a list of material facts listed, as an example, in Article 8 of the Disclosure Instructions

31. The issuer shall notify the Commission immediately upon the occurrence of a material change to the data in the prospectus or the emergence of any new material fact during the period of public offer and before the periods of subscription and sale.
Legal basis: Article 17 of the Issuance Instructions
32. The issuer shall provide the Commission with its opinion on the auditor's report within two weeks of receiving said report if it contains any reservations or adverse opinion or a statement of withheld opinion made by the auditor on the issuer's annual financial statements.
Legal basis: Article 19 of the Issuance Instructions
33. The issuer shall complete issuance procedures within the legal periods set by the Commission.
Legal basis: Board of Commissioners' Decision No 624/2005 of 18/12/2005
34. The issuer shall notify the Commission in writing as soon as any issued securities are redeemed or reduced in number or as soon as they are converted from one kind to another or from one category to another.
Legal basis: Article 18 of the Issuance Instructions
35. The issuer who makes the public offer shall publish an announcement of said offer in a form approved by the Commission, at least twice in two local daily newspapers, and at least seven days before the date scheduled for the start of subscription or sale.
Legal basis: Article 5 A of the Issuance Instructions
36. In the event of selling securities through a non-public offer, the issuer shall publish an announcement at least twice in two local daily newspapers of the information and date related to the issuance process, including the issuance value and the parties to whom said issuance is allocated .
Legal basis: Article 5 D of the Issuance Instructions
37. In case of a public issuance, the issuer shall inform the Commission in writing of the number, value, and categories of securities covered; and the issuer shall place an announcement in at least one daily newspaper immediately upon completion of procedures for the subscription, allocation, or sale of the securities through the market as the case may be.
Legal basis: Article 10 A of the Issuance Instructions
38. The issuer shall, without delay, place announcements in at least two local daily newspapers, of decisions relevant to the issuance of securities process, including decisions of the board of directors and general assembly, as well as decisions by relevant official departments, and file a copy of said decisions with the Commission as soon as they are issued.
Legal basis: Article 19 of the Issuance Instructions

Material Information

Material information is any event or datum that may affect a person's decision to buy, hold, sell or dispose of a security. The issuer shall notify the Commission without delay and by any means that ensure the required speed, and immediately issue a public statement whenever a

material fact emerges. Below are some examples that are considered by legislation as material information:

1. Important changes that occur in any of the following:
 - A. The company's assets.
 - B. The company's long and short term obligations and any sequestrations on its assets.
 - C. The structure of the capital.
 - D. The company's credit rating, if any, and changes thereto.
 - E. The company's products
 - F. Changes in share ownership that affect control of the company.
2. Major transactions concluded by the company and termination thereof, and the board of directors' evaluation of the anticipated impact of said transactions on the company's profitability and its financial position.
3. Non-recurrent operations that may have a material effect on the company's profits or its financial position.
4. Disasters, fires, or accidents and their anticipated impact on the company's financial position.
5. Any sudden material losses that affect the financial position of the company with an explanation of the reasons.
6. Important decisions by the board of directors that may affect the price of securities issued by the company, which includes decisions related to:
 - A. Issuance of new securities or redemption of any existing securities.
 - B. Changes in capital investments or in the company's objectives and markets.
 - C. Initiation of a merger.
 - D. Distribution of profits.
 - E. Buyback by the issuing company of its own shares or disposing of them in any way.
 - F. Voluntary liquidation.
7. Decisions by the company's general assembly.
8. Invitations to an extraordinary meeting of the general assembly.
9. The formation of a new board of directors for the company and the resignation of any member of the board of directors or the company's general manager, or any of these positions becoming vacant immediately as it occurs, as well as decisions by the board of directors to appoint new members of the board and a new general manager for the company, and the appointee's qualifications.
10. Cessation of activities by the company or any of its branches or factories or subsidiaries and the reasons for it.
11. Lawsuits that are filed by the company or against it or any judicial or legal disputes that may have a material effect on the company's financial position, whereupon the company shall submit to the Commission a full report on these lawsuits or disputes and their expected effect on the company's profitability and financial position.

General

This guide lists practices that are prohibited by capital market legislations

We list therewith the legal punitive measures that result in case of any violation of obligations imposed by the law . The Board of Commissioners of the Jordan Securities Commission has the right to impose one or more of the following legal measures:

1. Publish the findings of the inquiry and/ or publish the violation.
2. Order the violator to eliminate the violation or desist from the activity that constitutes the violation.
3. Impose a fine not more than JD 50,000.
4. Refer the violator to the Competent Court.

In addition to the legal procedures above, violation of certain duties constitutes a crime punishable by a prison sentence and a monetary fine as indicated in this guide.

Furthermore, the Board of Commissioners of the Jordan Securities Commission has the legal power, for reasons related to protecting investors, take the measures to stop or suspend any activity related to securities or a certain security

Obligations and prohibited practices

1. A person shall comply with requests by the Commission to submit the required documents or to appear for testimony.
Legal basis: Article 18 B of the Securities Law
2. No person shall publicly bid to purchase, or acquire by exchange, more than 40% of a public issuer's securities except by means of a public take-over bid.
Legal basis: Article 45 A of the Securities Law
3. No person may practice financial services, i.e. work as financial broker, investment trustee, investment manager, financial advisor, issuance director , financial services company, or custodian without a license from the Jordan Securities Commission.
(This violation is punishable by a prison sentence not longer than a year and a fine of not more than one hundred thousand (100,000) Dinars, in addition to a fine not less than twice the profit realized or twice the loss avoided, provided that this is not more than five times the amount, of profit made or loss avoided.)
Legal basis: Articles 47 and 110 of the Securities Law
4. No person shall engage in any activity based on pooling money collected from investors and using it as one unit for the purpose of investing it in securities or other financial assets, and managing it and sharing profits from these investments except by means of a mutual investment fund or an investment company.
Legal basis: Article 94 A of the Securities Law
5. It is prohibited to trade in securities or to influence others to trade in securities on the basis of inside information .
(This violation is punishable by a prison sentence not longer than three years and a fine of not more than one hundred thousand (100,000) Dinars, in addition to a

fine not less than twice the profit realized or twice the loss avoided, provided that this is not more than five times the amount, of profit made or loss avoided.)
Legal basis: Articles 108 A and 110 of the Securities Law

6. It is prohibited to use inside or secret information to realize financial or moral gains whether for the person's own benefit or for the benefit of others.
(This violation is punishable by a prison sentence not longer than three years and a fine of not more than one hundred thousand (100,000) Dinars, in addition to a fine not less than twice the profit realized or twice the loss avoided, provided that this is not more than five times the amount, of profit made or loss avoided.)
Legal basis: Articles 108 B and 110 of the Securities Law
7. A person is prohibited from disclosing inside information to anyone other than the competent authority or the Courts.
Legal basis: Article 108 C of the Securities Law
8. It is prohibited to disseminate or promote rumors or to give misleading or false information, data or statements that may affect the price of any security or the reputation of any Issuer.
(This violation is punishable by a prison sentence not longer than three years and a fine of not more than one hundred thousand (100,000) Dinars, in addition to a fine not less than twice the profit realized or twice the loss avoided, provided that this is not more than five times the amount, of profit made or loss avoided.)
Legal basis: Articles 109 A and 110 of the Securities Law
9. It is prohibited to influence transaction in securities, acting alone or in collusion with others, with the intention of creating a false impression of the price or volume of trading of a security or any other related security.
(This violation is punishable by a prison sentence not longer than three years and a fine of not more than one hundred thousand (100,000) Dinars, in addition to a fine not less than twice the profit realized or twice the loss avoided, provided that this is not more than five times the amount, of profit made or loss avoided.)
Legal basis: Articles 109 B and 110 of the Securities Law
10. It is prohibited for any person to commit deception or misrepresentation relating to securities.
Legal basis: Article 107 D of the Securities Law
11. A non-Jordanian who wishes to make a public offer of securities within the Kingdom, and a Jordanian who wishes to offer securities outside the Kingdom shall secure the approval of the Jordan Securities Commission.
Legal basis: Article 20 of the Issuance Instructions
12. Any person acquiring or having for the first time control of 5% or more of any securities of the same issuing company shall notify the Commission in writing within one week of such occurrence. Such person is also obligated to notify the Commission in writing upon acquiring any additional 1% of shares within one week of such occurrence, and to declare his intention to buy when his ownership reaches 10%.
Legal basis: Article 13 of the Disclosure Instructions

13. A person who wishes to acquire 5% or more of the capital of a financial services company shall submit a written request to the Commission stating the objectives it seeks to achieve by this acquisition and all the relevant facts.

Legal basis: Article 58 of the Licensing Instructions

14. All persons shall comply with the prospectus requirements determined by the Commission.

Legal basis: Article 42 C of the Securities Law

This guide was prepared in accordance with the following capital market legislations:

- Securities Law no. 76 of the Year 2002
- Instructions of Issuance and Registration of Securities for the Year 2005
- Instructions of Issuing Companies' Disclosure , Accounting ,and Auditing Standards for the year 2004, and their amendments for the year 2005 .
- Instructions of Financial Services Licensing and Registration for the year 2005
- Instructions of solvency/ financial adequacy for brokerage companies operating in the market
- Instructions on Trading in Securities in Amman Stock exchange for the Year 2004
- Instructions of Professional conduct standards in Amman Stock Exchange for the Year 1999.