**Draft Project to Amend the Instructions of Margin Finance**

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| **Article No. in Current Instructions of Margin Finance 2006** | **Article prior to Amending** | **Suggested Article after Amending** |
|  | These Instructions shall be known as the (Instructions of Margin Finance for the year 2006) & shall come into effect on March 15.2006. | These Instructions shall be known as the (Instructions of Margin Finance for the year 2006) & are amended by virtue of the Board of Commissioners decision No. (…), dated…/…/2012. |
|  | The words & phrases stated in these Instructions shall have the meanings ascribed thereto hereunder unless the context indicates otherwise:   1. **The Law:** The Securities Law in effect. 2. **The Commission:** The Jordan Securities Commission (JSC). 3. **The Board:** The Board of Commissioners of the Commission. 4. **The Center:** The Securities Depository Center (SDC). 5. **The Market:** The Amman Stock Exchange (ASE) or any Trading Market in Securities licensed by the Commission. 6. **Financial Broker:** The legal Financial Broker licensed to undertake the businesses of Margin Finance. 7. **Margin Finance Account:** A special account for the client with the Financial Broker for Margin Finance purposes according to an agreement between the two parties. 8. **Initial Margin:** Theamount deposited by the client in the Margin Finance Account according to the determined percentage of the securities market value at the date of purchase. 9. **Maintenance Margin:** The client’s minimum contribution of the securities market value in the Margin Finance Account at any time after the date of purchase. 10. **Margin Finance Limit:** The maximum allowed limit of the total amounts of Margin Finance granted by the Financial Broker to all his clients. 11. **Affiliate Company:** A company controlling another company or is controlled by the other company or which, together with that company, is controlled by another company. 12. **Subsidiary Company:** A company subject to the control of a Parent Company. | The words & phrases stated in these Instructions shall have the meanings ascribed thereto hereunder unless the context indicates otherwise:   1. **The Law:** The Securities Law in effect. 2. **The Commission:** The Jordan Securities Commission (JSC). 3. **The Board:** The Board of Commissioners of the Commission. 4. **The Center:** The Securities Depository Center (SDC). 5. **The Market:** The Amman Stock Exchange (ASE) or any Trading Market in Securities licensed by the Commission. 6. **Financial Broker:** The legal Financial Broker licensed to undertake the businesses of Margin Finance. 7. **Margin Finance Account:** A special account for the client with the Financial Broker for Margin Finance purposes according to an agreement between the two parties. 8. **Initial Margin:** The amount deposited by the client in the Margin Finance Account according to the determined percentage of the securities market value at the date of purchase. 9. **Maintenance Margin:** The client’s minimum contribution of the securities market value in the Margin Finance Account at any time after the date of purchase. 10. **Margin Finance Limit:** The maximum allowed limit of the total amounts of Margin Finance granted by the Financial Broker to all his clients. 11. **Affiliate Company:** A company controlling another company or is controlled by the other company or which, together with that company, is controlled by another company. 12. **Subsidiary Company:** A company subject to the control of a Parent Company. 13. **Parent Company:** A company controlling another company or companies financially & administratively via owning more than half of the capital &/or controlling the forming of the Board of Directors. This includes the Holding Company. 14. **Sister Company:** A company is considered a Sister Company to another company when these two companies are owned or are subsidiary to a Parent Company. 15. **Relatives:** Spouse:husband, wife & minors. |
|  | Margin Finance means the financing by a Financial Broker of a part of the value of securities in the Margin Finance Account by guarantee of these securities in this Account. | Margin Finance means the financing by a Financial Broker of a part of the value of securities in the Margin Finance Account by guarantee of these securities in this Account. |
|  | To grant a license to undertake the businesses of Margin Finance shall be subject to the following conditions:   1. The applicant for the license must be a licensed Financial Broker & a practitioner. 2. **\*** The Financial Broker paid in capital must not be less than the limit specified in the effective Instructions of Financial Services Companies Licensing & Registration for the year 2005. 3. The Financial Broker shall submit a bank guarantee of JD (250,000) thousand to the Commission by virtue of the effective Instructions of Financial Services Licensing & Registration for the Year 2005. 4. The Financial Broker must not have committed material violations to the Standards of Capital Adequacy within six months from the date preceding submitting the License Application. 5. The Board must be satisfied that the Financial Broker possesses the needed technical & administrative capacities to undertake the businesses of Margin Finance & manage accounts related to such transactions.   **\*** The current capital limit is JD (1.750.000) million. | To grant a license to undertake the businesses of Margin Finance shall be subject to the following conditions:   1. The applicant for the license must be a licensed Financial Broker & a practitioner. 2. The Financial Broker paid in capital must not be less than JD (5) million & the ratio of net ownership rights to the paid in capital must not be less than (75%). 3. The Financial Broker shall submit a bank guarantee of JD (250,000) thousand to the Commission by virtue of the effective Instructions of Financial Services Licensing & Registration for the Year 2005. 4. The Financial Broker must not have committed material violations to the Standards of Capital Adequacy within six months from the date preceding submitting the License Application. 5. The Board must be satisfied that the Financial Broker possesses the needed technical & administrative capacities to undertake the businesses of Margin Finance & manage accounts related to such transactions. |
|  | The Board may amend the licensing conditions, requirements & practice procedures of Margin Finance, whereby the Financial Broker shall rectify his position accordingly or liquidate the Margin Finance Accounts within the period specified by the Board for this purpose. | The Board may amend the licensing conditions, requirements & practice procedures of Margin Finance, whereby the Financial Broker shall rectify his position accordingly or liquidate the Margin Finance Accounts within the period specified by the Board for this purpose. |
|  | The Margin Finance Limit shall not exceed (250%) of the Financial Broker’s net ownership rights. | The Margin Finance Limit shall not exceed (150%) of the Financial Broker’s net ownership rights. |
|  | The Financial Broker’s overall financing for any one security at his Margin Finance Accounts shall not exceed (100%) of this Broker’s net ownership rights. | The Financial Broker’s overall financing for any one security at his Margin Finance Accounts shall not exceed (25%) of this Broker’s net ownership rights. |
|  | The amounts of Margin Finance offered to one client shall not exceed (10%) of the net ownership rights with the Financial Broker or JD (1,000,000) million, whichever is less. | The amounts of Margin Finance offered to one client shall not exceed (10%) of the net ownership rights with the Financial Broker or JD (2,000,000) million, whichever is less. |
|  | The Initial Margin of any Margin Finance Account shall not be less than JD (5000) thousand. | The Initial Margin of any Margin Finance Account shall not be less than JD (5000) thousand. |
|  | The Board may request of the Financial Broker to cease to offer any additional finance or to open Margin Finance Accounts to new clients in any of the following cases:   1. If the total amount of Margin Finance exceeds the Margin Finance Limit specified in Article (6) of these Instructions. 2. If the Financial Broker commits material violations to the Standards of Capital Adequacy issued by the Board. 3. If the Financial Broker violates any of the conditions & requirements stipulated pursuant to Article (4) of these Instructions. | The Board may request of the Financial Broker to cease to offer any additional finance or to open Margin Finance Accounts to new clients in any of the following cases:   1. If the total amount of Margin Finance exceeds the Margin Finance Limit specified in Article (6) of these Instructions. 2. If the Financial Broker commits material violations to the Standards of Capital Adequacy issued by the Board. 3. If the Financial Broker violates any of the conditions & requirements stipulated pursuant to Article (4) of these Instructions. |
|  | The Agreement of Margin Finance shall include the following:   1. Defining Margin Finance & risks the client may face for dealing therein, such as: 2. The possibility of the client’s partial or full loss of money deposited in the Margin Finance Account. 3. The Financial Broker’s right to sell part of the Margin Financed securities, in the event the Maintenance Margin percentage falls short of the allowed limit & the failure of the client to cover its deficit. 4. The Financial Broker’s right to choose any of the Margin Financed securities that will be sold to cover the deficit in the Maintenance Margin. 5. The securities in the Margin Finance Account shall be a guarantee of Margin Finance. 6. The client’s right to receive dividends & interests once due, as well as his right to vote in the meetings of the General Assemblies of companies he is a shareholder in. 7. The amount of interests & commissions the Financial Broker shall be collecting from the client. 8. The measures to be taken by the Financial Broker in the event the Maintenance Margin percentage falls short of the allowed limit, including the method of notifying the client of such shortfall. 9. The client is aware of the Instructions of Margin Finance. | The Agreement of Margin Finance shall include the following:   1. Defining Margin Finance & risks the client may face for dealing therein, such as: 2. The possibility of the client’s partial or full loss of money deposited in the Margin Finance Account. 3. The Financial Broker’s right to sell part of the Margin Financed securities, in the event the Maintenance Margin percentage falls short of the allowed limit & the failure of the client to cover its deficit. 4. The Financial Broker’s right to choose any of the Margin Financed securities that will be sold to cover the deficit in the Maintenance Margin. 5. The securities in the Margin Finance Account shall be a guarantee of Margin Finance. 6. The client’s right to receive dividends & interests once due, as well as his right to vote in the meetings of the General Assemblies of companies he is a shareholder in. 7. The amount of interests & commissions the Financial Broker shall be collecting from the client. 8. The measures to be taken by the Financial Broker in the event the Maintenance Margin percentage falls short of the allowed limit, including the method of notifying the client of such shortfall. 9. The client is aware of the Instructions of Margin Finance. |
|  | The Financial Broker shall open a special account known as the Margin Finance Account for his client who wishes to have such a service. He shall have the Commissions’ prior to approval of both the Forms of opening an account & the Agreement of Margin Finance. | The Financial Broker shall open a special account known as the Margin Finance Account for his client who wishes to have such a service. The Forms of opening an account & the Agreement of Margin Finance must not violate any of the Securities Law, its regulations & instructions in effect, issued pursuant thereto. |
|  | The Financial Broker shall open a Margin Finance Account at the Center for each client dealing with him in Margin Finance & shall comply with the Instructions issued by the Center regarding this. | The Financial Broker shall open a Margin Finance Account at the Center for each client dealing with him in Margin Finance & shall comply with the Instructions issued by the Center regarding this. |
|  | The Maintenance Margin percentage shall be computed by deducting the total value of facilities offered to the client from the securities total market value in the Margin Finance Account, divided by this total market value. | The Maintenance Margin percentage shall be computed by deducting the total value of facilities offered to the client from the securities total market value in the Margin Finance Account, divided by this total market value. |
|  | The Financial Broker shall comply with the following:   1. Ensure that the client has deposited the Initial Margin in his account, either in cash or in securities allowed to be Margin Financed prior to purchasing any securities, in accordance with the rates specified by the Board from time to time. 2. The percentage of Maintenance Margin in any Margin Finance Account shall not, in all the times, fall short of the minimum limit specified by the Board. | The Financial Broker shall comply with the following:   1. Ensure that the client has deposited the Initial Margin in his account, either in cash or in securities allowed to be Margin Financed prior to purchasing any securities, in accordance with the rates specified by the Board from time to time. 2. The percentage of Maintenance Margin in any Margin Finance Account shall not, in all the times, fall short of the minimum limit specified by the Board. |
|  | The Financial Broker shall compute the Maintenance Margin for each account at the end of each working day & shall notify the client immediately if it falls short of the allowed minimum limit. He shall also request of the client to cover the deficit within a period not exceeding two working days either, by cash deposit or by other securities, provided that such securities are allowed to be Margin Financed. | The Financial Broker shall compute the Maintenance Margin for each account at the end of each working day & shall notify the client immediately if it falls short of the allowed minimum limit. He shall also request of the client to cover the deficit within a period not exceeding two working days either, by cash deposit or by other securities, provided that such securities are allowed to be Margin Financed. |
|  | If the client fails to cover the deficit mentioned in Article (16) of these Instructions, the Financial Broker may sell part of the securities in the Margin Finance Account that will restore the Maintenance Margin to its allowed minimum limit. | If the client fails to cover the deficit mentioned in Article (16) of these Instructions, the Financial Broker may sell part of the securities in the Margin Finance Account that will restore the Maintenance Margin to its allowed minimum limit. |
|  | The client may withdraw any money from the Margin Finance Account exceeding the percentage of the Initial Margin of the securities market value in that account, provided that such act does not surpass the Margin Finance Limit granted to the client & specified in the agreement. | The client may withdraw any money from the Margin Finance Account exceeding the percentage of the Initial Margin of the securities market value in that account, provided that such act does not surpass the Margin Finance Limit granted to the client & specified in the agreement. |
|  | The Commission shall have the right to access all the facilities agreements concluded between the Financial Broker & banks, as well as to access his accounts & balances at banks. The Financial Broker shall authorize the Commission in writing to obtain any data or information it deems necessary directly from banks & other contracting parties. | The Commission shall have the right to access all the facilities agreements concluded between the Financial Broker & banks, as well as to access his accounts & balances at banks. The Financial Broker shall authorize the Commission in writing to obtain any data or information it deems necessary directly from banks & other contracting parties. |
|  | The Financial Broker is prohibited from dealing in securities issued by him, or by Subsidiary or Affiliate Companies in Margin Finance Accounts. | The Financial Broker is prohibited from dealing in securities issued by him, or by Subsidiary or Affiliate or Parent or Sister Companies in Margin Finance Accounts. |
|  | The Margin Finance Account shall be used for dealing in securities traded on the Market & shall not be used for subscribing in new securities issuances. | The Margin Finance Account shall be used for dealing in securities traded on the Market & shall not be used for subscribing in new securities issuances. |
|  | No guarantees shall be accepted in the Margin Finance Account except for securities deposited in this Account. | No guarantees shall be accepted in the Margin Finance Account except for securities deposited in this Account. |
|  | In spite of what is stated in Article (22) of these Instructions & subject to the approval of the Commission, the Financial Broker may accept guarantees of Margin Finance Account, in addition to securities in the following cases:   1. Substantial decrease in securities market value in the Margin Finance Account due to exceptional circumstances. 2. Suspending or ceasing trading in a security for more than seven working days in a Margin Finance Account. | In spite of what is stated in Article (22) of these Instructions & subject to the approval of the Commission, the Financial Broker may accept guarantees of a Margin Finance Account, in addition to securities in the following cases:   1. Substantial decrease in securities market value in the Margin Finance Account due to exceptional circumstances. 2. Suspending or ceasing trading in a security for more than seven working days in a Margin Finance Account. |
|  | The Board shall specify from time to time & by virtue of standards, the securities allowed to be Margin Financed & the percentages of the minimum limit of the Initial & the Maintenance Margins. | The Board shall specify from time to time & by virtue of standards, the securities allowed to be Margin Financed & the percentages of the minimum limit of the Initial & the Maintenance Margins. |
|  | The Financial Broker shall be granted a period of six months, from the date of enforcing these Instructions, to rectify his status by virtue of the requirements of these Instructions. | The Financial Broker shall be granted a period of six months, from the date of enforcing these Instructions, to rectify his status by virtue of the requirements of these Instructions. |
|  | The Instructions of Margin Finance No. (1) for the year 2003 shall be repealed. | Repeal this Article. |
| **Addition** | The Instructions did not deal with: | The Financial Broker shall be prohibited from opening Margin Finance Accounts for minors. |
| **Addition** | The current Instructions did not deal with this suggested article: | The company shall notify both the Commission & the (ASE) at the first working day of each week or upon their request of the following:   1. The value of available amounts to deal with Margin Finance, their sources & value of purchased processes executed in Margin Finance by the company. 2. Total due amounts on clients purchasing in Margin Finance. 3. Total market value of provided guarantees by clients purchasing in Margin Finance. 4. The percentage of total due amounts on clients purchasing in Margin Finance to the total market value of provided guarantees to them.   The company shall also comply with the requirements of reports specified in the Standards of Capital Adequacy issued by the Commission.  The company shall also attach to its Monthly Report the approval of the Financial & General Managers of the company that all provided data is correct.  The company shall send a Quarterly Report within (45) days of the end of every quarter of a year, of the previously mentioned attached to it a Review Report from the auditor to both the Commission & the (ASE). |