

**Instructions for the Issuance and Registration of Islamic finance Sukuk, and their
Supplement of 2013**

**Issued by the Board of Commissioners of the Jordan Securities Commission
Based on Articles 3 / A, 14 / A, and 19 / A of the Islamic Finance Sukuk Law No. 30 of
2012, and
Article 12 / Q of the Securities Law No. 76 of 2002**

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Article 1

These instructions shall be entitled 'Instructions for the Issuance and Registration of Islamic finance Sukuk, and their Supplement of 2013', and the Annex attached is part thereof. These instructions shall come into force as of 3rd October 2013.

Article 2

- A. Words and expressions used in these instructions shall have the meanings ascribed thereto hereunder, unless the context indicates otherwise:

Board: The Board of Commissioners of the Securities Commission, established by the provisions of Islamic Finance Sukuk Law No. 30 of 2012

Revendication guarantor: the party that is committed by a binding promise to purchase the Sukuk from their owners at the time of their redemption if the issuer defaults, according to the value indicated in the prospectus.

Commission: Central Sharia Supervisory Commission

- B. Words and expressions not defined in these instructions shall have the meanings ascribed thereto in Islamic Finance Sukuk Law No. 30 of 2012 and the regulations issued pursuant thereto and Securities Law No. 76 of 2002, unless the context indicates otherwise.

Article 3

Issuers of sukuk in the Kingdom shall apply to register the sukuk with the Securities Commission in accordance with these instructions.

Article 4

Issuers of sukuk shall prepare a prospectus in line with the principles of Islamic Sharia that contains correct, accurate, and comprehensive information in accordance with the attached Annex.

Article 5

For the purpose of compliance of dealing in sukuk with the principles of Islamic Sharia and its provisions:

- A. Issuers shall accredit a Sharia advisor or Sharia committee composed of people who satisfy the conditions stipulated in the rules adopted by the Board on the recommendation of the Commission.

- B. The Sharia advisor or Sharia committee shall assume all legal aspects of the issuance and trading in sukuk and Sharia auditing thereof.
- C. The issuer shall provide the Commission with annual and semi-annual reports or as requested by the Commission, issued by the Sharia committee accredited by the issuer, showing the extent to which trading in Islamic finance Sukuk continues to comply with the principles and provisions of Islamic Sharia.

Article 6

The Issuer shall provide the Securities Commission with evidence proving that a deed has been deposited with the competent authorities stating that the company's securitized assets are exclusively for the purposes of issuing the Sukuk and may not be mortgaged or seized or disposed of in any way.

Article (7

The issuer of the sukuk shall be responsible for the correctness, accuracy and comprehensiveness of the information contained in the promotion material for the sukuk and any other information or data disclosed.

Article 8

- A. The prospectus shall be prepared by an issuance manager licensed by the Securities Commission. The Issuance Manager shall be responsible for the preparation of the prospectus in accordance with the requirements of Islamic Finance Sukuk Law and these instructions.
- B. The issuer of Islamic sukuk shall be responsible for the correctness, accuracy and comprehensiveness of the information contained in the prospectus and any other information or data disclosed.

Article 9

- A. The prospectus takes effect after thirty business days from the date of its complete submission to the Securities Commission, unless the Board decides during this period, to pass the prospectus or reject it, and the Board may determine the period during which the prospectus takes effect.
- B. The Securities Commission shall notify the Issuance Manager of its observations on the prospectus within fifteen business days from the date of receiving the review by the Securities Commission.
- C. The Board may, when considering the request to register sukuk, request from the applicant any additional information not included in the application.
- D. For the purposes of paragraph A of this article, the date of submission of the prospectus to the Securities Commission shall be the date of completion of all data, information and attachments specified, as well as the term required for authorization of the issuance by the Central Sharia Supervisory Commission under the Islamic Finance Sukuk Law and these instructions.

Article 10

The issuers shall specify the subscription period in the prospectus as seen appropriate and the Board's approval of the prospectus shall be considered an approval of this period.

Article 11

The issuer may extend the subscription period as seen appropriate, and after the approval of the Board.

Article (12

The Board may reject the prospectus or suspend its taking effect if it discovers any of the following:

- A. That the prospectus or any of the accompanying information is not consistent with the requirements of the relevant laws or the regulations and instructions issued pursuant thereto.
- B. That the prospectus or any of the accompanying information is not consistent with the public interest and the protection of investors.
- C. That the prospectus or any of the accompanying information contains incorrect, inaccurate or misleading data, or that it does not include material information that enables the investor to make his investment decision, or if it includes information that has been presented in such a way as to make other information in the bulletin incorrect, inaccurate or misleading.
- D. That the Central Sharia Supervisory Commission has not authorized issuance or that it has reservations on some of the information mentioned in the prospectus

Article 13

- A. The issuer shall inform the Securities Commission in writing of any change that occurs to the information contained in the prospectus immediately as it occurs, whether or not it has been announced that the prospectus has taken effect.
- B. if the Securities Commission learns that a fundamental change has occurred in the data contained in the prospectus or that new material information transpired and was not disclosed at the time, the Board may take whatever action it deems appropriate, including suspension or cancellation of the offer.
- C. The issuer may not make any change to the prospectus in contravention of the principles of Islamic Sharia and its provisions.

Article 14

- A. If a material change occurs to the data contained in the prospectus or if new fundamental information transpires during the offer period and before the subscription period, the issuer shall notify the Securities Commission of this change and prepare "a prospectus supplement," approved by the Board after it has been authorized by the Central Sharia Supervisory Commission to be appended to the prospectus before the start of subscription process.

- B. The "prospectus supplement" shall be announced in the same newspapers that announced the offer and before the start of subscription.
- C. If a material change occurs or if new material information emerges during the subscription period, the issuer shall notify the Securities Commission of this and request the immediate suspension of subscription, which shall resume after the issuer has completed the procedures specified in paragraphs A and B of this Article.

Article 15

Subscription to the sukuk shall take place through the banks in accordance with the following: -

- A. Subscription shall take place through the subscription forms that accompany the prospectus, and the banks through which subscription takes place shall present to the subscriber a hard or electronic copy of the prospectus before accepting the subscription request.
- B. Subscription shall take place according to the price indicated in the prospectus and specified by the issuer.
- C. The prospectus shall include the minimum and maximum number of sukuk that may be subscribed to.
- D. The banks through which subscription takes place shall be responsible for ensuring the correctness of subscription processes and the qualification of the subscriber according to official documents.

Article 16

- A. Sukuk shall be offered through an effective prospectus by announcing the Securities Commission's approval of its form and of the data and information contained therein. The announcement shall be published in two local daily newspapers at least twice, before a period not less than seven business days from the date fixed for the start of subscription.
- B. No person shall make an offer of sukuk except through an effective prospectus.
- C. Subscription to the sukuk shall be considered a binding offer on the buyer if he received a copy of the prospectus if said prospectus does not state the offer, and the allocation of the sukuk is considered acceptance.
- D. Subscription to the sukuk is considered a binding acceptance by the buyer if he receives a copy of the effective prospectus if said prospectus is **an offer**.
- E. The issuer may cancel the subscription contracts if they do not cover the sukuk issued.

Article 17

The Issuer must notify the Securities Commission in writing of the number of sukuk covered, their value, and categories of distribution, and shall advertise this in at least one daily newspaper immediately upon completion of all subscription procedures and allocation of the sukuk.

Article 18

- A. The issuance manager shall complete the allocation and distribution process of subscribed sukuk to subscribers within a period not exceeding seven working days from the date of closure of subscription.
- B. If the sukuk offered for subscription are not covered, subscribed funds shall be returned to their owners within a maximum period of seven working days.
- C. Securitized assets shall be returned to the issuer at their book value as they were before securitization if subscription is not completed for any reason.

Article 19

The issuer shall appoint an issuance trustee approved by the Board. The prospectus shall specify the issuance trustee's competencies, powers, responsibilities and fees, and the issuer shall not have the right to dismiss him unless there are grounds that justify it and after the approval of the Board.

Article 20

The project accounts shall be audited by one or more auditor/s. The issuer appoints the auditor/s and sets his/ their fees. The issuer may not dismiss the auditor/s except after the approval of the Board.

Article 21

All documents related to the Sukuk shall be in Arabic with the exception of cases approved by the Board.

Article 22

The Board may exempt the Government from any provisions of these instructions provided that this is not inconsistent with the principles of Islamic Sharia and its provisions.

Islamic Finance Prospectus (Pro forma)

General Notes

- This form is used for the purpose of submitting an application for the registration of sukuk under the Islamic Finance Sukuk Law No. 30 of 2012 and the rules and regulations issued pursuant thereto. This form may not be used any other purpose.
- Any person, before making the offer, shall prepare a prospectus and submit it to the Securities Commission. The prospectus shall include the detailed information and data required, and for the Commission may request any information that would help the investor make his investment decision in the sukuk.
- The purpose of the prospectus is to inform investors; consequently the prospectus shall provide the requested information in a clear, accurate and understandable way that is consistent with the principles of Islamic Sharia and its provisions, without containing irrelevant or inappropriate information.
- The subjects and elements mentioned in the prospectus are not exclusive, but the issuer shall include in the prospectus all important and necessary information.
- The Securities Commission does not bear any responsibility for the accuracy of information contained in the prospectus, which is the responsibility of the issuer.
- The Securities Commission does not bear any responsibility for the information contained under the feasibility of investing in the offered sukuk, which is the responsibility of the issuer.
- The issuer may prepare a promotional brochure provided that it is based on and compatible with the information and data contained in the prospectus, after the Board's approval of the prospectus.
- The prospectus shall be printed in a uniform and clear script.
- All attachments to the prospectus (such as the authorization of the Central Sharia Supervisory Commission, the auditor's report, the approval of the general assembly of the issuer, the certificate of legal advisor ... etc) shall be originals or certified copies of the original and printed on paper bearing the letterhead of the party that issued the document as well as the date.
- The prospectus shall be prepared according to the order contained in this form. All principal or sub headings shall be in bold script.
- The issuer shall provide the Securities Commission with the complete prospectus according to the designed form for depositing the prospectus.

Cover page

The cover page of the prospectus shall include the following information:

1. The sukuk prospectus according to the Law on Islamic Finance Sukuk No. 30 of 2012 and the regulations and instructions issued pursuant thereto.
2. The issuer.....
3. The issuer's address.....
4. The date and number of registration with the Ministry of Industry and Trade..... (if the issuer is a company)
5. Type of sukuk offered and their number, categories, nominal value, total value, redemption date, expected return rate, and the maturity date of the expected return.
6. The Authorization by the Central Sharia Supervisory Commission:
This item shall include: the number of the session in which the sukuk were authorized, the date of the session, the approval of the prospectus, the extent to which the sukuk shall be tradable.
7. The name of each of the following, with a brief introduction of the person and his position:
 - The issuance manager
 - The underwriter, one or more (if any)
 - Rvenciation guarantor (if any)
 - Custodian
 - Issue trustee
 - Payments agent
 - The guarantor (if any)
8. The investment risk fund (if any)
9. Deposit number and date with the Securities Commission
10. The effective date of the prospectus according to the Board of Commissioners of the Securities Commission formed in accordance with the provisions of Islamic Finance Sukuk Law.

Important notice

This item refers to the following literal text, which shall be placed in a rectangular box on the inner face of the cover page.

Important notice

In view of its importance, this notice should be read carefully by all investors

- The main objective for the preparation of this prospectus is to provide all the information that will help investors to make an appropriate decision about investing in the sukuk offered.
- The issuer shall bear full responsibility for the information in this prospectus and confirms that there is no other information the absence of which makes this information misleading.
- Every investor shall examine and carefully study this prospectus to determine whether it would be appropriate to invest in the sukuk, taking into account all the facts presented and in the light of his specific circumstances.
- The Securities Commission does not bear any responsibility for the absence from the prospectus of any material and important information and data or for the presence of incorrect or inaccurate information or data, which is the responsibility of the issuer.

Information that must be included in the prospectus of Islamic finance Sukuk

First: Full description of the sukuk offered. This item includes the following information:

1. The procedures followed for the approval of this offer and an explanation of the steps and actions that were taken to approve the issuance of sukuk.
2. The prospectus shall indicate that the returns on this project are linked to the expected returns of the project, but it shall state that the expected returns are non-binding. The prospectus shall also show the maturity date of the sukuk and their dates of redemption and trading. It shall also show the procedures for the transfer of ownership and the place where trading will take place.
3. The prospectus shall show the nature of the project, what it is, and whether it is an ongoing or future project.
4. Guarantees: the sukuk may be guaranteed by an independent third party that is fully independent from the issuer, in which case the prospectus should show the type of guarantee, the guarantor and the agreement concluded with the guarantor.
5. Pledges made to protect sukuk owners: The prospectus shall show all the undertakings assumed by the issuer for the protection of the rights of sukuk owners.
6. The prospectus shall state the issuer's commitment to the principles of Islamic Sharia and its provisions.
7. Redemption, Depreciation and repayment of the sukuk: describes the procedures that shall be followed by the issuer for the purpose of redeeming the sukuk and processing any falter should it happen, how sukuk owners' rights shall be settled, and the dispute settlement mechanism.
8. Sukuk owners' rights in the event of a breach of the offer conditions: Cases which constitute a breach of the offer conditions shall be listed, and it shall be made clear whether the issuer shall submit to sukuk owners periodic reports or evidence showing the absence of any breach of obligation by the issuer of the conditions contained in the prospectus.
9. Sukuk owners' registry: A special registry shows the names of sukuk owners, the names of those responsible for keeping records, the payments agent, and the issuance trustee.
10. The right of sukuk owners to protect their interests: this right is explained in accordance with the instructions issued by the Sukuk Owners' committee, under the Islamic Finance Sukuk Law No. 30 of 2012.
11. Custodian Statement (if any) clarifies the role of the custodian in the issuance of the sukuk, and any other additional information.
12. Issue Manager: explains the role of the issue manager in the issuance process, in addition to any other additional information.
13. Issue Trustee: explains the role of the issue trustee in the issuance process, in addition to any other additional information.
14. Underwriter (if any) explains the procedures to be followed if subscription is not fully covered by investors and the role of the underwriter.
15. Revendication guarantor (if any) explains the role of the contractor in the redemption of the sukuk and any other additional information.

16. Notifications and data that should be sent to the sukuk owners: determine the means of sending periodic notifications and project financial reports to the sukuk owners and the frequency of sending them
17. The issuer shall put in place a mechanism for market value valuation to inform sukuk owners of the expected returns over the life of the project
18. Credit rating and the licensed party that did the classification (if any).
19. Taxes: transactions related to Islamic sukuk are exempted under Islamic Finance Sukuk Law No 30 of 2012 from all taxes and fees including income tax, general sales tax, and revenue stamp tax. Also, returns on investment in sukuk are not subject to income tax.
20. The sukuk owner shares in the profit (Ghonom) and loss (Ghorom) according to the type of sukuk and its type.
21. Expenses of the Sukuk Owners' committee.

Second: Subscription conditions and procedures

1. Submitting subscription request
2. Place, duration, and date of the start and the end of subscription
3. Conditions governing the acceptance of subscription
4. Reasons for accepting or rejecting the subscription request
5. Specifying the grace period needed for implementing the project and the date for starting to distribute returns
6. Date and means of returning surplus funds in case of allocation or rejection of the request.
7. Procedures to be followed in case of insufficient demand for subscription in the sukuk offered, including time periods at the end of which the money shall be returned to the sukuk owners
8. How to acquire copies of the prospectus and requirements related to fill out the subscription request
9. Determine the minimum limit for a single subscription in the sukuk
10. Any conditions or detailed procedures related to subscription in the sukuk offered, as well as any additional information required by the laws, regulations and directives in force

Third: The purpose of issuance and how its returns will be utilized illustrates the following:

1. The nominal value of the issue
2. The purposes for which the money will be used and the approximate amounts required for each purpose

Fourth: Description of the Issuer and the project and their business

1. The issuer, which explains the following:
 - A. Main activities and their impact on employment, sales...etc
 - B. A brief history including a description of:
 - i. The financial statements of the issuer covering the last three years or since the founding of that party whichever is less, showing the following:
 - Financial position of the party
 - Profit and loss statement
 - Cash flow statement

- Annual financial report.
These financial statements shall be prepared in accordance with the accounting principles adopted by the Securities Commission and supported by the explanations, and certified by the auditors of the issuer's accounts
- ii. Interim audited financial statements. Interim financial statements audited by the auditors of the issuer's accounts, which cover the period from the end of the previous financial year until the end of the last quarter preceding the date of the request for issuance.
- iii. The consolidated financial statements of the issuer in the event of subsidiary companies: the consolidated financial statements of subsidiaries are either annual or interim data, if any. In case of non-availability of such data, schedules shall be prepared reflecting the financial position of companies.
- iv. Additional information: showing material and principal information that occurred in the period between the last budget prepared and the issuance date and have an impact on the financial statements.
 - Shareholders' rights:
Spreadsheets showing data related to the rights of the issuer's shareholders, for the last three years or since its establishments whichever is less. These data illustrate the changes in capital accounts, reserves and retained earnings or losses.
- vi. Any other financial data the concealment of which would mislead the user of the prospectus.
- vii. Any changes or events that took place at the issuer and affected them in terms of their nature, type of products, principal expenses, aspects of this spending, reorganization of the issuer, the sale or re-purchase of significant assets, or the opening or closure of any part of his plants, or the type of production or services.
- viii. A description of the importance of privileges, patents, trademarks and any other commercial rights, their duration and impact, and a statement of any changes that took place during the past few years, or any events expected related to the topics mentioned.
- ix. A statement of any cases where the verdict was in favor of the issuer or against him or any of his subsidiaries or still pending before the judiciary during the past five years, as well as cases referred to arbitration.
- x. Statement of future projects and studies conducted around them (if any) with an explanation of the assumptions on which these studies are based. The statement shall also describe any obstacles or difficulties that can be predicted with regard to the business of the issuer.
- xi. Statement of the issuer's competitive position showing the estimated size of his activities compared to his competitors, and

- the extent to which the issuer's products enjoy protection and the type of protection if any.
- xii. Statement of the extent to which the issuer benefits of the Investment Promotion Law.
 - xiii. The relationship between the issuer and affiliate companies or the mother, sister, or allied company if any.
 - xiv. Any claims or seizure by the sales tax or income tax or any other party or any mortgages on the company's assets.
2. The project, which explains the following:
- A. The economic feasibility study of the project
 - B. Statement of the main products and services for the project
 - C. Description of the main sources of raw materials and their places of existence.
 - D. A brief statement about the environmental considerations involved in project's activities.
 - E. A full explanation of the risks that may result from investing in the project.
- Fifth: The management of the issuer and the project showing the following:
- 1. The names of the members of the Board of Directors and the names and positions of senior management with executive authority of the project and the issuer, the CV, qualifications, nationalities, and chosen correspondence addresses of each one for the issuer and the project.
 - 2. Shares of members of the Board of Directors and senior management of the issuer and their relatives, spouses, and minor children as well as any companies controlled by shares of any of them.
 - 3. Remunerations and bonuses earned by members of the Board of Directors and senior management of the issuer.
 - 4. Positions of members of the Board of Directors and senior management in the subsidiaries of the issuer companies, if any
 - 5. Any contracts or interests with companies owned by any of the members of the Board of Directors of the issuer if they have had interests in those companies over the past three years, if the total value of executed contracts with these companies exceeds JD 10,000 per year.
 - 6. The names of the members of the Board of Directors or senior management of both the issuer and the project who were members of the boards of directors or senior management of other companies, with reference to companies that have been liquidated or that faltered over the last ten years and the reasons for it.
- Sixth: The number of shareholders and the distribution of ownership of shares of the issuer (if any) showing the following:
- 1. Number of shareholders and their nationalities and distribution of shares.
 - 2. The names of shareholders who each have 5% or more of the shares of the issuer, and the number and percentage of shares held by each of them.
- Seventh: The sharia advisor / sharia committee, showing information on the sharia advisor / sharia committee.
- Eighth: Legal advisor

Signatures (duly certified)

We, the undersigned acknowledge our full responsibility for the correctness, accuracy and completeness of the information contained in this prospectus and we affirm that it does not contain any other data or other information the deletion of which may cause the information to be misleading or may affect the investor's pricing of the sukuk offered, or impact the investor's decision. We affirm our commitment to providing those interested in investing in this prospectus before subscribing in the sukuk offered and to provide the Securities Commission with any data or information that may arise after the submission of this prospectus to the Securities Commission or after the Board of Commissioners has adopted it.

Auditor's report

As auditors of the accounts of the issuer we hereby acknowledge that we have audited and / or reviewed the annual/semiannual financial statements attached to this prospectus in accordance with the auditing standards approved by the Securities Commission and we are not aware of any information that could influence the accuracy of the information contained in this prospectus, and its accuracy and completeness.

Name seal and signature

General Manager
Name and signature

Chairman of the Board
Name and signature

Board members or founders
Names and signatures

Chairman of the executive board
Name and signature

CEO
Name and signature

CFO
Name and signature

Legal Advisor's report

The prospectus of the issuer..... agrees with the provisions of Islamic Finance Sukuk Law, the Companies' Law and the Securities Commission Law as well as Statutes of the issuer, and all actions taken are consistent with the laws and regulations in force.

There are no legal claims by the issuer or against him pending before the courts.

Legal Advisor
Name and signature

Issuance manager

As issuance manager of the sukuk offered in this prospectus, we hereby acknowledge that we have prepared the prospectus based on the information that was provided to us by the issuer and that we are not aware of any other information that may influence the correctness, accuracy and completeness of the information contained in this prospectus.

Issuance Manager
Name and Signature

Attachments

The following attachments shall be submitted with the prospectus without the need to incorporate it therein:

1. The text of the announcement related to the offer of the sukuk. The announcement shall contain any information and Important requirements required by the laws and regulations in force, which include the following information:
 - A. Name of the issuer
 - B. Sukuk offered: the, value of the offer, price of the Sukuk, and the expected rate of return
 - C. A summary of the conditions related to the offer
 - D. Guarantees and the guarantor, if any
 - E. Place and duration of subscription
 - F. The purpose of the issuance and how its returns shall be employed
 - G. The following text shall be displayed prominently at the bottom of the announcement:

This announcement is an invitation to offer sukuk. The elements of this offer are complete in the prospectus which every investor must read and understand in depth, and is in the light of this publication the investor shall submit a request for subscription according to the subscription form prepared for this purpose and made available to the public at the banks listed above. Subscription to the sukuk shall be considered a binding offer for the buyer if he has received a copy of the effective prospectus, unless the prospectus states that it is an offer. Allocation of the sukuk is considered an acceptance, and subscription to the sukuk is considered a binding acceptance to the buyer if he has received a copy of the effective prospectus and it is an offer , and it has been approved by the Board of Commissioners established pursuant to Islamic Finance Sukuk Law, in its decision No. ----- Date // and licensed by the Commission in Resolution No. (.....) Date //.
2. Subscription Application Form
3. All decisions and official documents showing the approval of the issuance related to the sukuk
4. A certified copy of copies of concessions and licenses granted to the Issuer showing amendments made thereto
5. Documents establishing the special purpose company (if any)
6. Agreements between the issuer, payments agent, issuance manager, issuance trustee, and the custodian (if any) and the recovery contractor (if any)
7. application for registration of the sukuk and the adoption of the prospectus
8. Any information or data requested by the Commission.

Announcement of the offer of sukuk

The issuer....., registered with the Ministry of Industry and Trade under number (.....), on..././.... Announces the Central Sharia Supervisory Commission authorization No. (.....), taken in its meeting of (... / ... /), and the approval of the Board of Commissioners of the Securities Commission's decision No. (.... /), taken in its meeting of //, of the registration of (...No...) sukuk according to the following:

1. Type of sukuk
2. Number of sukuk
3. Category of sukuk
4. Ratio of expected return
5. Maturity date of expected return
6. Period of grace for the start of the project
7. Credit rating and the licensed body that did the rating (if any)
8. Subscription will start on the morning..... // and end at the closing of business on //
9. Subscribed sukuk shall be paid for in full upon submission of the application at the Bank
10. Date of redemption
11. The purpose for offering the sukuk.....
12. Issuance Manager, payments agent, custodian, and issuance trustee
13. Underwriter (if any), Revendication guarantor (if any).
14. The names of the project senior management of the (special purpose company).
15. Any other terms that the issuer deems necessary in accordance with the terms of issuance contained in the prospectus.