



**Instructions of Regulating the Dealing of Financial Services
Companies at Foreign Stock Exchanges**

**Issued in Accordance with the Provisions of Article (5) of Regulating
the Dealing at Foreign Stock Exchanges Law No. (1) for the Year
2017 and Approved by Virtue of the Board of Commissioners
Decision No. (386/2017) Dated October 19.2017**

Article (1)

These Instructions shall be cited as the (Instructions of Regulating the Dealing of Financial Services Companies at Foreign Stock Exchanges) and shall come into effect as of October 22.2017.

Article (2)

A- The following words and phrases wherever mentioned in these Instructions shall have the meanings hereunder assigned to them, unless the context indicates otherwise:

- **The Law:** Regulating the Dealing at Foreign Stock Exchanges Law in force.
- **The Commission:** The Securities Commission.



- **The Board:** The Board of Commissioners of the Commission.
- **The Financial Market:** Any local Trading Market in Securities licensed by the Commission in accordance with the provisions of the Securities Law in force.
- **Licensed Person:** Any Legal Person licensed by the Commission to practice one or more of the financial services activities at Foreign Stock Exchanges in accordance to the Law and the regulations, and the instructions and decisions issued pursuant thereto.
- **The Foreign Stock Exchange:** Any regulated or non-regulated financial market outside the Kingdom in which dealing with Securities of different types or foreign currencies or precious metals or any other commodities or other financial instruments occurs.
- **The Dealing at Foreign Stock Exchanges:** The buying or selling or brokering or Investment Management or Investment Trusteeship, or providing Financial Advisory in securities of different types or foreign currencies or precious metals or any commodities or other financial instruments at Foreign Stock Exchanges.
- **Omnibus Account:** The account through which the dealing of buying and selling at Foreign Stock Exchanges occurs, and which is opened with the Foreign Broker under the name of the local broker and on behalf of his clients



- **Introducing Broker:** The Broker Licensed by the Commission to engage in the business of introducing clients to Foreign Brokerage Companies.
- B.** Unless the context indicates otherwise, the words and phrases not specified in these Instructions shall have the meanings assigned to them in the Law and “The Securities Law ”in force and the regulations, instructions and decisions issued pursuant thereto.

Article (3)

- A.** Unless granted a license by the Board, it shall be prohibited for any person to engage in one or more of the following hereunder activities at Foreign Stock Exchanges:
 1. Financial Broker for the Account of Others.
 2. Dealer
 3. Introducing Broker.
 4. Investment Management.
 5. Investment Trusteeship.
 6. Financial Advisory.
- B.** It shall be prohibited for the Licensed Person to engage in any of the activities mentioned in paragraph (A) of this article, unless through natural persons registered with the commission.



Article (4)

Granting a license to practice one or more of the activities mentioned in paragraph (A) of article (3) of these Instructions is subject to the following requirements:

A. An applicant should be licensed by the Commission to practice Financial Brokerage for the account of others at the Financial domestically Market, in order to request a license to practice any of the hereunder activities:

1. Financial Broker for the Account of Others.
2. Introducing Broker.

B. An applicant should be licensed by the Commission to practice Dealer activities at the Financial Market domestically, in order to request a license to practice Dealer activities at Foreign Stock Exchanges.

C. Depending on the activities requested to be granted a license for, the minimum limit for the paid up capital of the requesting applicant shall be not less than the following amounts in Jordanian Dinars:



	Financial Broker for the Account of Others	1,000,000
1.	Dealer	250,000
2.	Introducing Broker	750,000
3.	Investment Management	1,000,000
4.	Investment Trusteeship	50,000
5.	Financial Advisory	30,000

D.For Applicants requesting to be granted a license to practice two or more of the activities mentioned in paragraph (C) of this article, the minimum limit of the paid up capital required shall be not less than the sum of the minimum limits of the capital required for each activity requested .

E.The minimum capital required for licensing the Financial Broker for the Account of Others in the Financial Market domestically which amounts to (750,000) Jordanian Dinars, shall be added to the sum of the minimum capital required in accordance with article (C) of these Instructions for applicants requesting to be granted a license to practice any of the following hereunder activities at foreign Stock Exchange:



1. The Financial Broker for the Account of Others.
2. The Broker.

F. The minimum capital required for licensing Dealer activities in the Financial Market domestically which amounts to (500,000) Jordanian Dinars, shall be added to the sum of the minimum capital required in accordance with article (C) of these Instructions for applicants requesting to be granted a license to practice Dealer activities at Foreign Stock Exchanges.

G. The net equity to the paid up capital of the license applicant shall be not less than (75%) at any time.

H. Those entrusted with the management of the License Applicant shall possess the required experience, competence and knowledge to perform their duties and shall be of praiseworthy and good conduct, and shall provide relevant evidence thereto.



Article (5)

The license applicant who wishes to deal at Foreign Stock Exchanges shall submit a written application to the Commission on the form designated for this purpose, appended with the following documents:

- A.** The applicant's Articles and Memorandum of Association.
- B.** The applicant's organizational structure provided that it includes a Department or Division specialized with the dealing at Foreign Stock Exchanges.
- C.** The applicant's proposed written business procedure for providing services for dealing at Foreign Stock Exchanges.
- D.** The applicant's Compliance Guideline indicating the Internal Control Procedures the applicant shall implement to ensure effective supervision over his and his clients dealings at Foreign Stock Exchanges.
- E.** The applicant's written business procedures for risk management that shall enable the applicant to identify current or potential risks which may be encountered and the mechanism for addressing and controlling such risks, provided that such procedures are subject to periodic review by the applicant.



- F.** The applicant's written business procedures for anti-money laundering and counter terrorist financing, which should include the client acceptance, identification policy and due diligence procedures.
- G.** An undertaking on the validity of data and information set out in the license application form submitted by the applicant to the commission and duly signed
- H.** Any other documents required by the Commission.

Article (6)

The Licensed Person shall not commence operating one or more of the financial services activities referred to in Paragraph (A) of Article (3) of these Instructions unless he fulfills the following

- A.** Payments of fees shall be in accordance with the Fees Bylaw in force at the Commission.
- B.** Provide an unconditional bank guarantee to the order of the Commission in accordance with the context determined by the Board, which its value shall be subject to the commission's annual review for each Licensed Person separately and provided that the minimum limit of the amount of the guarantee in the Jordanian Dinars for each activity shall be not less than the following:



1.	Financial Broker for the Account of Others	350,000
2.	Introducing Broker	150,000
3.	Investment Management	250,000
4.	Investment Trusteeship	15,000
5.	Financial Advisory	10,000

C. Provide the Commission with the following:

1. The agreement template between the Licensed Person and the client. for dealing at Foreign Stock Exchanges to be signed
2. Any agreement concluded with any other party to undertake the Dealing Requirements at Foreign Stock Exchanges.
3. The names of the employees of the Division or Department specialized with the dealing at Foreign Stock Exchanges and their curriculum vitae supported with the necessary documents.

D. Obtain the Commission's written approval to commence operations at Foreign Stock Exchanges.



Article (7)

The Board shall issue its decision of granting or denying the license within sixty days as of the date of submitting a complete application therewith satisfying the requirements and conditions.

Article (8)

A. It shall be prohibited for the Licensed Person to engage in the following:

- 1.** Execute a purchase transaction at Foreign Stock Exchanges for the client before ascertaining in advance that there is sufficient cash in the clients' account to perform such transaction. The Licensed Person shall also be prohibited to finance any of his clients whether from his own money or his clients' moneys to deal at Foreign Stock Exchanges.
- 2.** Carry out margin financing at Foreign Stock Exchanges defined in accordance with the Instructions of Margin Finance in force.
- 3.** Accept authorizations for any purchase or sale transactions at Foreign Stock Exchanges except from his clients or their legally authorized representatives thereof.
- 4.** Execute any purchase or sale transaction at Foreign Stock Exchanges without obtaining clients' authorization, such authorization includes receiving written authorizations or by phone or by an electronic mail or



through Internet Trading. The burden of proof with respect to having the authorization stating the client's name, the type of dealing, the type of transaction (sale or purchase), the quantity, the price, the date, time and duration of authorization at any time lies on the Licensed Person .

5. Deal with any Foreign Financial Brokerage Company unlicensed by competent entities in its jurisdiction

6. Pay or credit any amount of money to the account of any of his clients, of any purchase dealing unless sold settlement is conducted to the client.

B. Notwithstanding of Subparagraph (1) of Paragraph (A) of this Article, financial settlement and payment for the Mutual Funds and Safe Custody accounts may be conducted within a maximum period of three working days as of the date of purchase.

Article (9)

The Licensed Person shall constantly comply with the following:

A. Provide the Commission prior to commencing the Dealing at Foreign Stock Exchanges with the following:

- 1.** The names of Foreign Stock Exchanges he wishes to deal with and the Foreign Brokerage Companies he wishes to trade through, and the documentation proving the licensing of such Stock Exchanges and companies by their relevant competent authorities accordingly.



2. A copy of the agreement concluded with the External Broker, or any agreement concluded with any other party to perform the Dealing Requirements at Foreign Stock Exchange.
 3. Any other documents required by the Commission thereof.
- B.** Segregate his moneys and dealings at Foreign Stock Exchanges from the moneys and dealings of his clients which are deposited in his trust. The Licensed Person shall comply with implementing the Instructions of Segregating the Broker's Moneys from his Clients Moneys in force.
- C.** Segregate the financial statements and reports relevant to the dealings at Foreign Stock Exchanges from those relevant to dealings at the Financial Market in accordance with legislations in force at the Commission.
- D.** Segregate the clients' accounts designated for dealing at the Financial Market from their accounts designated for dealing at Foreign Stock Exchanges.
- E.** Provide the Commission upon request with any required data or information concerning his trades and the trades of his clients at Foreign Stock Exchanges.



- F.** Refrain from disseminating or promoting any false data or information related to Foreign Stock Exchanges or the dealings he performs.
- G.** Fulfill all obligations arising from trading transactions he brokered on behalf of his clients within the specified dates thereof.
- H.** Set all procedures and due diligence required to know the clients.

Article (10)

- A.** The relationship between the client and the Licensed Person shall be governed by a written agreement that should be consistent with the provisions of “The Law” and “The Securities Law” in force and the regulations, instructions and decisions issued pursuant thereto.
- B.** The Licensed Person shall prepare and organize the terms of the agreement to be signed with the client, which shall include the following clauses at a minimum:
 - 1.** Define the risks associated to dealing at Foreign Stock Exchanges.



2. Clear indication to the mechanism of entering orders either directly by the client or by the Licensed Person or by both of them.
3. Mechanisms of registering purchased ownership at Foreign Stock Exchanges.
4. The Mechanism of financial settlements between the client and the Licensed Person.
5. The commissions the Licensed Person shall receive and all costs relevant to dealing at Foreign Stock Exchanges.
6. Determine the applicable law and the Competent Court to resolve any dispute that may arise between the Licensed Person and his client and determine methods for dispute resolution and for terminating the agreement.

C. The Licensed Person shall attach the Mandatory Guidelines Brochure prepared by the Commission with each agreement concluded by the client and acknowledge the client thereof. The client shall sign the Brochure and consider it an integral part of the agreement.

D. The Licensed Person shall notify the client in writing or in accordance with the method agreed upon of the transactions executed on his account on the same day thereof. The client may object to any transaction by informing the Licensed Person by the same method of any error or objection to the transactions executed



on his account in accordance with the mechanism specified in the agreement.

- E.** The Licensed Person shall send a detailed statement of account every three months as a minimum to the clients on whose accounts financial transactions or dealing have been executed the previous three months, indicating his client's balance of dealing at Foreign Stock Exchanges and details of the transactions executed on the client's account or in accordance with the mechanism agreed upon in the agreement, in addition to providing the client with a copy of the documents related to his account with the Licensed Person upon request.

Article (11)

The Person Licensed as a Financial Broker for the Account of Others at Foreign Stock Exchanges may use the omnibus account provided that he shall abide by the following:

- A.** Not to reflect the effect of the clients orders on his internal records except after the orders are in fact executed at Foreign Stock Exchanges.
- B.** Prepare the necessary records to indicate all the detailed data relevant to transactions executed on the accounts of his clients dealing through the omnibus account.



C. Segregate his investments at Foreign Stock Exchanges and his cash accounts from those of his clients dealing through the omnibus account and indicate such account separately within all his financial statements.

Article (12)

The Person Licensed as an Introducing Broker shall abide by the following:

- A. Not to contract or act on behalf of his clients.
- B. Not to receive any moneys or commissions from his clients.
- C. Not to pay any moneys for his clients.
- D. Disclose to his clients that his role is limited to identifying clients to Foreign Brokerage Companies vis-a-vis a commission he obtains from such Companies.

Article (13)

The Investment Manager activities shall include managing Investment Portfolios for the Account of Others at Foreign Stock Exchanges in accordance with the Investment Management Agreement concluded with his client, which shall specify the client's Investment Policy and the Investment Manager's authorities and duties in addition to the Investment Management of the Mutual Fund.

Article (14)



The Investment Trustee activities shall include monitoring the management of the clients' investments at Foreign Stock Exchanges to ensure its conformity with the client's investment principles and objectives as specified in the Investment Management Agreement concluded between the client and the Investment Manager, it shall also include carrying out the activities of Investment Trusteeship for the Investment Mutual Fund.

Article (15)

A. The Financial Advisor activities shall include providing constant advice and consultation to the client and to others at Foreign Stock Exchanges, for a fee, charge or commission either directly or through publications or writings related to investment and dealing at Foreign Stock Exchanges.

B. The Financial Advisor shall indicate in advance to the client and to others that his duty is limited to providing advice without guaranteeing results.

C- The Financial Advisor shall not include in his advice any false or misleading information or data of the services rendered to his clients and to others.

Article (16)



The Licensed Person who wishes to market or to sell non-Jordanian securities in the Kingdom shall have the Commission's prior written approval.

Article (17)

The Commission has the right to appoint an External Auditor other than the one appointed by the Licensed Person as it deems necessary to conduct certain auditing processes at the expense of the Licensed Person.

Article (18)

The provisions of "The Law" and "the Securities Law" and the regulations, instructions and decisions issued pursuant thereto shall apply in cases where these Instructions makes no special provision of.

Article (19)

Companies engaged in the activities of dealing at Foreign Stock Exchanges, prior to enforcing these instructions shall rectify their



situations to comply with the provisions of these instructions within a period not exceeding three months from the date of the approval of these Instructions.

Article (20)

The Instructions of Regulating the Dealing of Financial Services Companies at Foreign Stock Exchanges issued on August 1.2017 shall be repealed.