



Jordan Securities Commission

Islamic Finance Sukuk Contract Regulation
No. 45 of 2014

Issued under Article 8 of the Islamic Finance Sukuk Law
No 30 of 2012



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Article 1

This regulation shall be named the “Islamic Finance Sukuk Contract Regulation” and it shall come into force as of the date of its publication in the Official Gazette.

Article 2

A. The following words and phrases, wherever they appear in this regulation, shall have the meanings ascribed to them hereunder, unless the context indicates otherwise:

Law: The Islamic Finance Sukuk Law.

Board: The Board of Commissioners of the Jordan Securities Commission established under Article 3 of the Law

Commission: The Central Sharia Supervisory Commission established under the provisions of the Law

Trading: the process of selling and buying Islamic Finance Sukuk in accordance with the provisions of the Law

Profit: Surplus over the capital after deducting expenses from an operation that is not prohibited by the Sharia.



Valuation : Converting assets into cash through selling them or evaluating them on a specific date.

Issuer: The party that issued the Islamic finance sukuk either directly or through a special purpose company.

Sukuk issuance: Registration of Islamic finance sukuk and offering them for subscription at the nominal value of the issuer according to the prospectus

B. Definitions contained in the Law shall apply where the text refers to them in this regulation.

Article 3

For the purposes of implementing the provisions of Article 8 of the Law, Islamic finance sukuk contracts shall be as follows:

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- A.** Leasing (Ijara) contracts, which are documents of equal value issued by the owner of a leased asset or one that is promised to be leased, for the purpose of selling its benefits to the owners of the sukuk and collecting their price from the proceeds of subscription in them. The benefit from the leased asset then belongs to the sukuk owners.
- B.** Muqarada and Mudaraba Sukuk (profit-and-loss sharing contracts), which are documents of equal in value issued in the names of their owners in return for the money they provided to the issuer on the basis of speculation (profit-and-loss sharing). The speculator shall be the issuer and capital owners shall be the sukuk owners.
- C.** Murabaha (cost plus sale) sukuk are documents of equal value issued to finance the purchase of a commodity, which is then owned by the sukuk owners who have the right to profit upon its sale.
- D.** Musharakah (partnership and joint stock ownership) sukuk which are documents of equal value issued for the purpose of using their proceeds to launch or develop a project or financing an activity on the basis of partnership. The project or assets become the property of sukuk owners of within the limits of their shares and the same applies to their profits.
- E.** Silm (forwards) sukuk, which are documents of equal value issued to collect the price of a commodity which becomes the property of the sukuk owners upon receiving it, and the profit shall be according to the proportion of their shares of its price.



F. Istisna'a (forwards) sukuk, which are documents of equal value issued for the purpose of using their proceeds in manufacturing a commodity, which becomes the property of the sukuk owners who make a profit from this manufactured product through any income-generating means.

G. Hak Bai Al Manfaa'a Sukuk, which are documents of equal value issued by the owner of an asset or benefit for the purpose of selling their benefits and collecting their proceeds from the issuance of the sukuk. The benefit of the asset then becomes the property of the sukuk owners who make profit as a result.

H. Any other contract authorized by the Commission.

Article 4

A. Islamic finance sukuk may be traded after closing subscription, both before or after the start of the project activity, according to Sharia controls and taking into account the provisions of trading in assets and debts, and exchange stipulated in paragraph B of this Article, according to the decisions of the Commission.

B. i. Islamic finance sukuk may be traded if they are backed by assets or by mixed assets consisting of assets, benefits and rights.

ii. The provisions of exchange (AL Sarf) shall apply to Islamic finance sukuk that are backed or mostly backed by cash.

iii. It is not permissible to trade in Islamic finance Sukuk that are backed entirely or mostly by debt, except through the transfer of the debt.



Article 5

A. The prospectus or any Islamic finance Sukuk contracts may not include text guaranteeing the share of one of the parties in the project's capital or guaranteeing a profit as a set amount or as a percentage of capital. If such a text is stated explicitly or implicitly the guarantee is null and void and the sukuk is valid.

B. The issuer shall guarantee the value of the Islamic finance sukuk in cases of infringement, default or breach of the agreed terms in the prospectus or Islamic finance sukuk contract.

C. The prospectus may include a promise by a third party that is independent of the two parties to the contract to donate at no charge a sum allocated to redress the loss in the project that is securitized. This promise shall be independent of the contract, and non fulfillment of the promise shall not affect the validity of the contract.

D. The Government and any official organization or public institution, and any other Islamic finance sukuk issuing party may create a fund to meet the risks of investing in the project, provided that the assets of the fund are distributed upon redemption among the owners of Islamic finance sukuk by a joint decision of the Board and the Commission, and provided also that this be guaranteed in the prospectus.



Article 6

A. Profit is due in the periods specified in the prospectus. Its value is determined through valuation and it is distributed among the owners of Islamic finance sukuk according to the terms of the prospectus.

B. The profit that is distributed to the owners of Islamic finance sukuk through the life of the project is considered installment payments until the redemption of the Islamic finance sukuk.

C. The issuer may not borrow to compensate the owners of the Islamic finance sukuk if the proceeds fall below the expected profit.

Article 7

A. The prospectus must include a binding promise to the owners of Islamic finance sukuk to redeem their shares to the issuer.

B. Shares in Islamic finance sukuk shall be redeemed according to each contract concluded upon issuance, which should be indicated in the prospectus authorized by the Commission and approved by the Board.

Article 8

The Board shall issue the necessary instructions to implement the provisions of this regulation.

