



The Regulation of Investors Protection Fund in Securities

No. (47) for the Year 2018

Published on Page 1941 of the Official Gazette No. (5509) Dated April 1.2018 and Amended Pursuant to Regulation No. (24) for the Year 2019 The Amended Regulation of The Regulation of Investors Protection Fund in Securities for the Year 2019 and Published on Page (1619) of the Official Gazette No. (5569) Dated April 1.2019¹

Article (1)

This Regulation shall be known as (The Amended Regulation of The Regulation of Investors Protection Fund in Securities for the Year 2019) and shall be read in conjunction with The Regulation No. (47) for the Year 2018 referred to as the Original Regulation as one Regulation and shall come into effect as of the date of its publication in the Official Gazette.

Article (2)

A. The following words and phrases wherever mentioned in this Regulation shall have the meanings ascribed thereto hereunder unless the context indicates otherwise:

- **The Law:** The Securities Law.
- **The Fund:** The Investors Protection Fund.
- **The Board of Directors:** The Board of Directors of the Fund.

¹ Amended pursuant to the amended Regulation No. (24) for the Year 2019 and published on page No. (1619) of the Official Gazette No. (5569) Dated April 1.2019.



- **The Financial Broker:** The Financial Services Company licensed in accordance with the provisions of the Law to engage in the businesses of buying and selling securities for the benefit of others.

B. The definitions mentioned in the Law shall be adopted wherever mentioned in this Regulation unless the context indicates otherwise.

Article (3)

The provisions of this Regulation shall apply to Financial Brokers operating in the Financial Market.

Article (4)

A. The (Investors Protection Fund in Securities) shall have a legal personality and financial autonomy. As such, the Fund may acquire movable and immovable property and perform all legal acts necessary to achieve its objectives, including concluding contracts, accepting gifts, donations and assistance in accordance with the provisions of this Regulation. The Fund shall have the right to sue and be sued, and may be represented in legal proceedings by any attorney it appoints for this purpose and shall be considered a legal and realistic successor to the Investors Protection Fund existing prior to the issuance of this Regulation.

B. The Fund shall be affiliated with the Commission and subject to its supervision and monitoring. The Fund's headquarters shall be in the Commission or in any place determined by the Board of Directors in the City of Amman.

Article (5)



The Fund aims to¹:

A. Compensate the clients of the Financial Broker for their losses resulting from any of the cases indicated below, if the Board decides to refer the Financial Broker to compulsory liquidation or if a decision is issued by any entity that the Financial Broker is insolvent or compulsory liquidated:

1. In case the Financial Broker disposes the securities of the client without authorization.
2. In case the Financial Broker disposes the due cash amounts in the client's account without authorization.
3. In case the Financial Broker disposes the securities and cash amounts of the client without authorization.

B. Raise the awareness of investors in securities and protect them.

Article (6)

Membership in the Fund shall be compulsory for Financial Brokers licensed by the Commission.

Article (7)

A Board of Directors shall undertake the administration and supervision of the Fund chaired by the Chairman and the membership of each of the following:

- A.** The Deputy Chairman/Deputy Chairman of the Board of Directors.
- B.** The Chief Executive Officer of the Commission.

¹ Amended pursuant to the amended Regulation No. (24) for the Year 2019 and published on page No. (1619) of the Official Gazette No. (5569) Dated April 1.2019.



- C. The Chief Executive Officer of the Financial Market or whoever replaces him.
- D. The Chief Executive Officer of the Center or whoever replaces him.

Article (8)

The Board of Directors shall assume the following responsibilities and authorities:

- A. Set the work programs of the Fund and follow up their implementation.
- B. Approve the general plan for investing the funds of the Fund in accordance with the provisions of this Regulation.
- C. Recommend to the Board of Commissioners the issuance of instructions required for the businesses of the Fund.
- D. Discuss and approve the annual budget of the Fund.
- E. Approve the Fund's balance sheet, final accounts and annual report.
- F. Follow up the Financial Broker's insolvency¹ and liquidation procedures through the Commission.
- G. Appoint a certified auditor to audit the accounts of the Fund and set his service charges.
- H. Manage the affairs of the Fund in accordance with the provisions of this Regulation.
- I. Study and decide on the applications for the compensation of the clients of the Financial Broker¹.

¹ Amended pursuant to the amended Regulation No. (24) for the Year 2019 and published on page No. (1619) of the Official Gazette No. (5569) Dated April 1.2019.



- J.** Any other matters that the Chairman of the Board of Directors presents to the Board of Directors related to the Fund's responsibilities.

Article (9)

- A.** The Board of Directors shall meet at least once every three months and whenever it is deemed necessary, upon the invitation of its Chairman or his Deputy when the Chairman is absent. The Board shall meet at the request of at least two of its members. The Board meeting quorum shall consist of four members, provided that the Chairman, or in absence thereof, the Deputy Chairman, is in the quorum. The Board shall issue its decisions by a majority of the number of its attending members and in case of a tie vote, the side voted by the Chairman of the meeting shall prevail.
- B.** The Board of Directors may invite any person with experience and competence from outside the Board of Directors to participate in the meeting to consult his opinion without having the right to vote.

Article (10)

- A.** The Chairman of the Board of Directors shall be the Fund's legal representative and Chief Financial Officer. He shall be responsible for implementing the Fund's policy and the management of its affairs. As such, he shall assume the following:
- 1.** Implementing the decisions issued by the Board of Directors.
 - 2.** Signing contracts and correspondences made by the Fund.
 - 3.** Signing the reports and data issued by the Fund.

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B. The Chairman of the Board of Directors may delegate some of his powers to any member of the Board of Directors, provided that the delegation is in writing and specific.

Article (11)

A. The Fund's financial resources shall consist of the following:

1. The pooled amounts in the existing Investors Protection Fund prior to approving this Regulation.
2. The contributions of the members amounting to (0.0001) one in ten thousand of the daily trading volume of the Financial Broker sale and purchase, which are deducted from the Center for the benefit of the Fund.
3. Donations and grants provided to the Fund.
4. The returns on the Fund's investments in accordance with the provisions of this Regulation.
5. Any other revenues approved by the Board of Commissioners upon the recommendation of the Board of Directors.

B. The Board of Commissioners may, upon the recommendation of the Board of Directors, decide to stop deducting the contributions of the members mentioned in Item (2) of Paragraph (A) of this Article.

Article (12)

The Fund shall submit to the Board of Commissioners annual reports within a period not exceeding the mid of January indicating total pooled amounts therein, subject to the provisions of this Regulation as on the thirty first day of December of the preceding fiscal year. The Fund shall also adhere to submit to the Board of Commissioners semi-annual reports



within a period not exceeding the mid of July indicating total pooled amounts therein, subject to the provisions of this Regulation as on the thirty day of June of the preceding semi-fiscal year.

Article (13)

- A.** If the Board decides to refer the Financial Broker to compulsory liquidation, the Fund shall, from the date of such decision, commence the procedures for compensating the client.
- B.** If any other entity decides to insolvent or to compulsory liquidate the Financial Broker for any of the cases provided for in Paragraph (A) of Article (5) of this Regulation, the Fund shall commence the procedures for compensating the client from the date of realizing any such cases.
- C.** The Fund shall not be liable to compensate for any losses resulting from any case other than that referred to in Article (5) of this Regulation¹.

Article (14)

- A.** The compensation referred to in Article (13) of this Regulation shall not include the persons listed below:
 - 1.** Members of the Board of Directors of the Financial Broker or members of the Board of Executives or Partners as the case may be and the Director General.
 - 2.** Persons who caused insolvency¹ or compulsory liquidation of the Financial Broker.

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3. Clients dealing in Foreign Stock Exchanges through the Financial Broker.

B. The compensation referred to in Article (13) of this Regulation shall not include losses incurred to clients resulting from trading at the Financial Market.

Article (15)

A. The maximum limit of compensation referred to in Article (13) of this Regulation shall not exceed ten thousand Jordanian Dinars per client. The maximum limit of compensation on behalf of the Fund to face clients whose debts are included in the provisions of this Regulation shall not exceed three million Jordanian Dinars.

B. If the value of the accepted claims in accordance with this Regulation exceeds the amount of three million Jordanian Dinars, such amount shall be distributed to creditors each creditor by his debt and shall not exceed the maximum limit of compensation per creditor as specified in Paragraph (A) of this Article.

C. Notwithstanding the provisions of Paragraphs (A) and (B) of this Article, if the Fund's assets are less than three million Jordanian Dinars, the maximum limit of compensation provided by the Fund shall not exceed (75%) of the Fund's net assets and shall be distributed to creditors in the same manner referred to in Paragraph (B) of this Article.

D. :

1. If the claims of the clients exceed the limit specified for each client, the Board shall, after studying these claims, make the

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appropriate decision to compensate the client by the amount of his losses¹.

2. The Board shall issue the instructions necessary to implement the provisions of Item (1) of this Paragraph².

E. The compensation to which the Fund is committed to shall be confined to the value of the client's losses with the Broker included under this Regulation and no calculation of compensation shall be included in any claims related to the interests or foregone profits, or any claims of damages, or as a result of change in the value of the client securities.

Article (16)

Subject to the provisions of Article (15) of this Regulation, if the Board issues a decision to refer the Financial Broker for compulsory liquidation³, the amount of per creditor's claim shall be calculated to determine the guarantee amount by the following bases and procedures:

A. If the creditor client has more than one account with the Financial Broker in any of his branches, such accounts shall be considered as one account for the purposes of this Regulation, including the Margin Finance Account.

B. If the creditor client is indebted to the Financial Broker, the rights and obligations of the creditor client shall be cleared whether or not

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his obligations are due. If as a result of the clearance procedure, a credit is due to the client, the balance shall be considered the balance subject to the amount of compensation in accordance with the provisions of this Regulation.

Article (17)

- A.** If a decision is issued by the Board to refer the Financial Broker for compulsory liquidation¹, the Fund shall within one month from such decision² publish in at least two widely spread local daily newspapers in accordance with the classification of the Tenders Department requesting clients whose claims are included within the Compensation provisions specified in this Regulation to submit such claims to the Fund within one month from the date of the announcement provided with supporting documents.
- B.** The Fund shall not consider claims submitted to it after the end of the period specified in Paragraph (A) of this Article, unless the Board of Directors decides otherwise.

Article (18)

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- A. The Fund shall study the claims and make appropriate decisions thereon within one month from the end of the period specified to accept the claims.
- B. The Fund shall settle the claims submitted to it within the period specified in Paragraph (A) of this Article within (15) days from the date of the Board of Directors decision to accept the claim.
- C. The procedures to examine claims, required documents to be submitted and grievances related to them shall be specified under instructions issued by the Board of Commissioners for this purpose upon the recommendation of the Board of Directors.

Article (19)

- A. The client's compensation from the Fund shall not be considered as a waiver of his right to claim the Financial Broker.
- B. The Fund shall have the right to redeem any amounts exceeding the value of the actual losses of the client from what he has received from the court and what he has received from the Fund¹.

Article (20)

Contributions and payments made by the Financial Broker to the Fund shall not be considered, in accordance with the provisions of this Regulation, as debt on the Fund or as refundable insurance.

Article (21)

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The Fund may invest its funds exclusively in securities issued or guaranteed by the Jordanian Government or deposited with any of the licensed banks as approved by the Board of Directors.

Article (22)

The Board of Directors shall, after approval by the Board of Commissioners, allocate annually part of the Fund's funds for use in areas aimed at raising awareness of investors in securities and developing electronic supervisory systems necessary to protect investors¹.

Article (23)

The Fund shall keep regular records and accounts in accordance with the International Accounting Standards.

Article (24)

The Fund's funds and accounts shall be considered separate from the Commission's funds and accounts.

Article (25)

The Fund's fiscal year shall start on the first day of January of each year and shall end on the thirty first day of December of the same year.

Article (26)

The Fund shall be liquidated by a decision issued by the Board of Directors and approved by the Board of Commissioners. All procedures related to the liquidation of the Fund shall be specified in accordance with

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the procedures determined by the Board of Commissioners for this purpose.

Article (27)

The Board of Commissioners shall issue the instructions, decisions, bases and procedures necessary to implement the provisions of this Regulation.

Article (28)

The Instructions of the Investors Protection Fund for the Year 2007 shall be repealed.