



مركز إيداع الأوراق المالية
Securities Depository Center

**The Internal By-Law of the Membership and Code of Conduct
for the Year 2004**

Issued Pursuant to Articles (80) & (83/A) of the Securities Law No. (76) for the Year 2002

**The Internal By-Law of the Membership and Code of Conduct for the Year 2004
Issued Pursuant to Articles (80) & (83/A) of the Securities Law No. (76) for the Year 2002**

Article (1) This By-Law shall be called the “Internal By-Law of the Membership and Code of Conduct for the Year 2004” and shall come into effect as of 12/5/2004.

**Chapter One
Definitions**

- Article (2) A- The following words and expressions used in this By-Law shall have the meanings ascribed thereto hereunder unless the context indicates otherwise:
- | | | |
|-----------------------------|---|--|
| The Law | : | The Securities Law in force. |
| The Commission | : | The Securities Commission. |
| The Board | : | The Board of Commissioners of the Commission. |
| The Center | : | The Securities Depository Center. |
| The Board of Directors | : | The Center’s Board of Directors. |
| The Chief Executive Officer | : | The Center’s Chief Executive Officer. |
| The Market/Stock Exchange | : | The Amman Stock Exchange or any Trading Market in Securities licensed by the Commission. |
| The Broker | : | The juristic person licensed by the Commission as a financial broker or dealer. |
| The Custodian | : | The juristic person licensed by the Commission to provide safe custody for securities. |
| The Public Issuer | : | The Issuer who has filed a prospectus that has become effective with the Commission. |
| The Member | : | The Center’s Member. |
- B- The words and expressions not defined in this By-Law shall have the meanings assigned to them in the Law unless the context indicates otherwise.

Chapter Two Membership

- Article (3) A- Membership in the Center shall be mandatory for the following entities:
1. The public shareholding company.
 2. The Public Issuer.
 3. The Broker.
 4. The Custodian.
 5. Any other entity determined by the Board.
- B- The entities referred to in Paragraph (A) of this Article shall fulfill the Center's membership conditions and requirements in accordance with this By-Law and the instructions issued by the Center.
- C- The Board of Directors shall issue, upon the recommendation of the Chief Executive Officer, its decision accepting or refusing the membership within a month from the submission of the membership application subject to the rejection decision specifying the reasons for the rejection.
- E- The Center's by-laws and instructions shall be binding upon its Members and the clients of those Members who are Licensed Persons.
- Article (4) A- The Center's employees authorized in writing by the Chief Executive Officer may, in respect of the Center's functions, inspect, and make copies of, the documents and records of any of its Members, either with or without prior notice, provided any such inspection shall be conducted only during business hours.
- B- Allowing authorized Center's employees to carry out the tasks provided for in Paragraph (A) of this Article shall be a condition for membership in the Center.
- Article (5) A- It shall be prohibited to access the Center's electronic systems and its database except by the authorized Member pursuant to this By-Law and the instructions issued by the Center.
- B- The Member shall bear the responsibility that results of the use of the Center's electronic systems and any information or data obtained through these systems.
- C- The Member shall bear the responsibility as a result of the access to the Center's electronic systems by any of its employees, staff or others by using the password designated to that Member.
- D- The Member shall maintain his own password to access the Center's electronic systems and shall be prohibited from providing that password to any person not authorized to use the systems.
- E- The Member shall bear the responsibility of maintaining the safety and confidentiality of the Center's electronic systems to avoid any misuse. The Member shall inform his employees of the necessity and importance of maintaining the safety and confidentiality of the systems and the matters related to it.
- F- The Member shall inform the Center upon its knowledge of any misuse of the Center's electronic systems.
- Article (6) The Member shall provide the Center with any documents, information or data requested by the Center and in the manner the Center deems appropriate during the specified period.

Section One
Public Shareholding Companies and Securities' Issuers

- Article (7) A- The public shareholding company shall, within two weeks of the date of obtaining the right to commence business, inform the Center in writing and submit an application for the Center's membership and provide it with the following documents and data:
1. The company's name and legal status.
 2. The company's headquarter address.
 3. The company's registration certificate at the Ministry of Industry and Trade.
 4. The letter that authorizes the company to commence its business.
 5. The decision of the Board approving the registration of the company's capital and any change that occurs thereto.
 6. The memorandum and articles of association authenticated by the Controller of Companies before two weeks at the most from submitting the application.
 7. The names of the members of the board of directors, the date of their election, their terms and the number of securities owned by each.
 8. The name of the general manager and date of his appointment.
 9. The postal address for the Center's correspondences.
 10. The name of the liaison officer with the Center subject to that officer being a high ranking executive in the Company.
- B- The public shareholding company shall inform the Center immediately in writing of any change that occurs to the information and data mentioned in Paragraph (A) of this Article.
- Article (8) The conditions for the acceptance of the membership of the public shareholding company at the Center shall be:
- A- The registration of its securities at the Center in accordance with the instructions issued by the Center.
 - B- Provide the Center with a written commitment confirming its undertaking to comply with the Center's by-laws, instructions and decisions issued by the Center and pursuant to the form specified by it.
 - C- Provide the Center with a written commitment to fulfill its financial obligations to the Center upon request.
 - D- Pay the association membership and annual subscription membership fees to the Center.
- Article (9) The membership of the public shareholding company at the Center shall terminate in any of the following cases:
- A- The issuance of a final decision to terminate its status as a public shareholding company.
 - B- The issuance of a decision of the voluntary liquidation of the company or an irrevocable decision of compulsory liquidation.
 - C- The termination of its juristic personality.
- Article (10) The Government or public institutions upon issuing any securities shall not be considered as Members at the Center. The Center shall register their securities in accordance with the instructions issued by it.
- Article (11) The provisions of this Section shall apply to the Public Issuer, with the exception of the Government, public institutions or public shareholding companies, upon issuing any securities through a public offering or upon the listing of any of its securities in the Market.

Section Two
Brokers

- Article (12) A- The Broker shall apply for the Center's membership and provide it with the following documents and data:
1. The company's name and legal status.
 2. The company's headquarter address.
 3. The authorized, subscribed and paid in capital.
 4. The Board's decision approving the license.
 5. The company's registration certificate at the Ministry of Industry and Trade.
 6. The letter that authorizes the company to commence its business for public shareholding companies.
 7. The memorandum and articles of association authenticated by the Controller of Companies before two weeks at the most from submitting the application.
 8. A statement of the names of the partners and their shares in the company if it is a limited liability company to date.
 9. The names of the members of the board of directors or the managers' committee (as the case maybe) and the general manager.
 10. The names of the authorized signatories on behalf of the company and a sample of their signatures.
 11. The names of the Registered Persons working with the Broker.
 12. The name of the liaison officer with the Center subject to that officer being a high ranking executive in the Company.
 13. The postal address for the Center's correspondences.
- B- The Member Broker shall inform the Center immediately in writing of any change that occurs to the information and data mentioned in Paragraph (A) of this Article.
- Article (13) The conditions for the acceptance of the membership of the Broker at the Center shall be:
- A- Open bank accounts for the purpose of paying and receiving payment of the amounts that represent the value of securities in accordance with the by-laws and instructions issued by the Center.
 - B- Pay its contribution in the Settlement Guarantee Fund specified in the By-Law issued for this purpose.
 - C- Provide the Center with a written commitment confirming its undertaking to comply with the Center's by-laws and instructions in accordance with the form specified by the Center.
 - D- Provide the Center with a written commitment confirming its undertaking to pay his financial obligations to the Center and the Settlement Guarantee Fund upon request.
 - E- Pay the association membership and annual subscription membership fees to the Center.
- Article (14) The Broker shall be prohibited from engaging in the business as a financial broker and dealer until after a decision by the Board of Directors to accept its membership is issued.
- Article (15) The Broker shall:
- A- Abide by all the administrative and regulatory procedures issued by the Center.
 - B- Provide the Center with the Board's approval of the renewal of the license.
- Article (16) A- The relationship between the Broker and its client is subject to the written agreement concluded between them.
- B- The Broker shall not identify any person and establish a securities' account for

him unless the Broker:

1. is authorized in writing by its client.
2. has obtained all the identification papers necessary to identify its client and establish a securities' account for him in accordance with the instructions issued by the Center.

- Article (17) A- The Center may suspend or restrict any activities, functions, responsibilities, operations or any of the services that it provides to the Broker and inform the related entities in any of the following cases:
1. If the Broker does not fulfill its financial obligations during the specified period in accordance with this By-Law and the instructions issued by the Center.
 2. If the Broker losses its required operational or technical capability specified in the by-laws and instructions issued by the Center.
 3. If the Broker becomes unable to fulfill its financial obligations to the Center.
 4. If the Broker does not fulfill its obligations specified in the By-Law of the Settlement Guarantee Fund.
 5. In execution of the Law, by-Laws, instructions or resolutions issued pursuant thereto.
- B- In cases where any of the above measures is taken in accordance with Paragraph (A) of this Article, the concerned Broker shall be obligated to settle all the suspended transactions to which it is a party thereto and if it fails to do so, the Center shall take the necessary measures to settle the suspended transactions as it deems suitable and in a manner that fulfills the interest of other related parties without holding the Center responsible thereto.
- Article (18) A- The membership of the Broker at the Center shall terminate in any of the following cases:
1. Cancellation of its license to perform his licensed functions.
 2. Cancellation of its membership at the Market.
 3. Declaration of its bankruptcy or the issuance of a decision to liquidate it.
 4. Termination of its juristic personality.
- B- In case the membership of the Broker terminates, the operations of the Broker related to the Center shall be settled in accordance with the measures specified by the Center for this purpose.

**Section Three
Custodian**

- Article (19) A- The Custodian shall apply for the Center's membership and provide it with the following documents and data:
1. The company's name and legal status.
 2. The company's headquarter address.
 3. The authorized, subscribed and paid in capital.
 4. The Board's decision approving the license.
 5. The company's registration certificate at the Ministry of Industry and Trade.
 6. The letter that authorizes the company to commence its business for public shareholding companies.
 7. The memorandum and articles of association authenticated by the Controller of Companies before two weeks at the most from submitting the application.
 8. The names of the members of the board of directors and the general manager.
 9. The names of the authorized signatories on behalf of the company and a sample of their signatures.
 10. The name of the liaison officer with the Center subject to that officer being a high ranking executive in the Company.
 11. The postal address for the Center's correspondences.
- B- The Custodian shall inform the Center immediately in writing of any change that occurs to the information and data mentioned in Paragraph (A) of this Article.
- Article (20) The conditions for the acceptance of the membership of the Custodian at the Center shall be:
- A- Open bank accounts for the purpose of paying and receiving payment of the amounts that represent the value of securities in accordance with the by-laws and instructions issued by the Center.
 - B- Provide the Guarantees specified for the Settlement Guarantee Fund in accordance with the By-Law issued for this purpose.
 - C- Provide the Center with a written commitment confirming its undertaking to comply with the Center's by-laws, instructions and resolutions issued by it and in accordance with the form specified by the Center.
 - D- Provide the Center with a written commitment to fulfill its financial obligations to the Center upon request.
 - E- Pay the association membership and annual subscription membership fees to the Center.
- Article (21) The Custodian shall:
- A- Abide by all the administrative and regulatory procedures issued by the Center.
 - B- Provide the Center with the Board's approval of the renewal of the license.
- Article (22) A- The relationship between the Custodian and its client is subject to the written agreement concluded between them.
- B- The Custodian shall not identify any person and establish a securities' account for him unless he:
1. is authorized in writing by its client.
 2. has obtained all the identification papers necessary to identify its client and establish a securities' account for him.
- Article (23) A- The cases of suspension or restriction of any activities, tasks, responsibilities, operations or any of the services provided by the Center to the Custodian and the measures undertaken by the Center in such cases.
1. Failure of the Custodian to fulfil its financial obligations in accordance to the

provisions of this By-Law and the Instructions issued by the Center on the timings specified by it.

2. If the Custodian lost its required operational or technical capability specified in the by-laws and instructions issued by the Center.
3. If the Custodian becomes unable to fulfill its financial obligations to the Center.
4. If the Custodian fails to meet its obligations specified in the By-Law of the Settlement Guarantee Fund or decisions issued in pursuant to it.
5. In execution of the Law, by-Laws, instructions or resolutions issued pursuant thereto.

B- In cases where any of the measures were taken against the Custodian in accordance with Paragraph (A) of this Article, the concerned Custodian shall be obligated to settle all the suspended transactions to which it is a party in thereto, and if it fails to do so, the Center shall take the necessary measures to settle the suspended transactions as it deems suitable and in a manner that fulfills the interest of other related parties without holding the Center responsible thereto.

Article (24) A- The membership of the Custodian shall terminate at the Center in any of the following cases:

1. Cancellation of its license to engage in the business of providing safe custody.
2. Declaration of its bankruptcy or the issuance of a decision to liquidate it.
3. Termination of its juristic personality.

B- In case the membership of the Custodian terminates, the operations of the Custodian related to the Center shall be settled in accordance with the measures specified by the Center for this purpose.

Chapter Three
Code of Conduct

- Article (25) The Member shall abide by the Law, by-laws, instructions and resolutions issued pursuant thereto including the by-laws, instructions and resolutions in force at the Center.
- Article (26) It shall be prohibited under legal liability for any Member:
A- To spread or promote rumors or provide misleading or incorrect information, data or declarations in relation to the Center's operations and its Members.
B- To behave in any manner which might harm the reputation of the Center or any other Member or to degrade it.
C- Use the securities of the clients in safe custody for his personal benefit or gain.
D- Disclose secrets of shareholders or clients.
- Article (27) The Member shall provide the financial, technical, human and financial resources necessary to execute and organize its activities and operations in accordance with the Law, by-laws, instructions and decisions issued pursuant thereto including the by-laws and instructions in force at the Center.
- Article (28) It shall be prohibited for any Member to include in any of the agreements it concludes any provision that restricts its obligations imposed by virtue of the Law, by-laws, instructions and resolutions issued pursuant thereto.
- Article (29) The management of the Member shall bear the full responsibility of the actions of its employees that violate the provisions of the Law, by-laws, instructions and resolutions issued pursuant thereto.
- Article (30) The Members shall protect the information related to each of them that enables them to access the Center's electronic systems and not to use any software until after making certain of its safety and that it does not affect the Center's electronic systems.
- Article (31) The Members shall inform the Center upon the occurrence of any violation of the intellectual property rights of the Center's electronic systems or any default or misuse of the Center's systems or the possibility of the existence of any software that might influence the information and data maintained in those computers or software.