



مركز إيداع الأوراق المالية  
Securities Depository Center

**The Internal By-Law of  
The Settlement Guarantee Fund for the Year 2017**

Issued Pursuant to Article (88/D) of the Securities Law No. (18)  
For the Year 2017

**The Internal By-Law of The Settlement Guarantee Fund for the Year 2017  
Issued Pursuant to Article (88/D) of the Securities Law No. (18) for the Year 2017**

- Article (1) This By-Law shall be called the “Internal By-Law of the Settlement Guarantee Fund for the Year 2017” and shall come into effect as of 01/10/2017.
- 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 Commission : The Securities Commission.
  - The Board : The Board of Commissioners of the Commission.
  - Center : The Securities Depository Center.
  - The Fund’s 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 judicial person licensed as a financial broker or dealer.
  - The Custodian : Any legal person engaged in the business of providing safe custody of securities.
  - Settlement : The process by which a trading contract is completed with the final, unconditional transfer of securities from the seller to the buyer and the final settlement of price payments in their respect.
  - Settlement Bank : The bank designated by the Center for the purposes of receiving and making payments of the value of the traded securities.
  - Settlement Account : The bank account that the Center opens in its name at the Settlement Bank and which is used for the receipt of payment and disbursement of payment of the traded securities.
  - The Fund : The Settlement Guarantee Fund.
  - Trading : Selling and buying securities in the Market.
- B- The words and expressions not defined in this By-Law shall have the meanings assigned to them in the Securities Law in force, Regulations and instructions issued accordingly.
- Article (3) A- A fund named (The Settlement Guarantee Fund) shall be established at the Center, and shall have a legal personality with financial autonomy, as such it may acquire and dispose of movable and immovable property, and perform all necessary legal acts to achieve its objectives, including entering into contracts and agreements. It has the right to litigate and may authorize a lawyer to act on its behalf in legal proceedings.
- B- The Fund shall be managed by its Board of Directors and the Chief Executive

Officer in accordance with the provisions of this By-Law.

- C- The Chief Executive Officer shall manage all the administrative, financial and technical affairs of the Fund and shall be accountable before the Fund's Board of Directors thereto.
- D- The Fund shall be the legal and actual successor of the Financial Brokers' Guarantee Fund, whereby all the latter's rights, obligations, assets, records and monies shall devolve to the Fund.

Article (4) The Funds Objectives are to particularly achieve the following:

- A- Covering the cash deficit of a Fund member in connection with their purchases of securities;
- B- Covering the deficits in Securities' balance of a Fund member in connection with sales of securities on the Market.

Article (5) A- Trading contracts of which financial settlements are conducted directly between the concerned Brokers in accordance with the instructions issued by the Center shall be exempted from the provisions of this By-Law.

- B- The Center shall record the ownership of securities related to trading contracts referred to in Paragraph (A) of this Article.

Article (6) Members of the Center of Brokers and Custodians shall be inevitably deemed members of the Fund.

Article (7) A- The Fund charges the following Fees from its Members:

1. (250) Two hundred and fifty Dinars representing the association fee and shall be paid only once.
2. (350) Three hundred and fifty Dinars representing the annual subscription fee.

- B- The Fees mentioned in paragraph (A) of this article shall be credited to the Center in exchange of managing the Fund.

Article (8) A- The Broker shall provide the following guarantees to the Center:

1. A non- conditional bank guarantee in the phrasing accepted by the Fund's Board of Directors of the amount specified in accordance with this By-Law, payable upon request.
2. A Cash contribution in accordance with the provisions of this By-Law.

- B- The Fund's Board of Directors may approve of the substitution of the bank guarantee referred to in Paragraph (A/1) of this Article with any other guarantee accepted by the Fund's Board of Directors and in accordance with the conditions specified by it.

- C- The Fund's Board of Directors shall determine the Guarantees that the Custodians should provide the Center of for the benefit of the Fund.

- D- Members of the Fund shall deliver the Guarantees specified in this article upon the acceptance of their membership in the Center.

Article (9) A- The bank guarantee that the Broker should provide shall be calculated on the basis of the average net amounts due to be paid by the Broker in favor of the settlement as a result of its securities trading transactions through the Market for a period of twelve months with a minimum of (50,000) fifty thousand Dinars in accordance with the following formula:

Amount of the bank guarantee (G)= (A x P x S)  $\geq$  (50,000) Dinars.

Where A: is the daily average of the net amounts due to be paid by the Broker in favor of the settlement for twelve months;

P: is the percentage of days that the Broker had to pay amounts in favor of the settlement and is calculated by dividing the number of days that the broker had to pay amounts in favor of the settlement by the number of trading days within the period of twelve months.

S: is the settlement period.

B- The cash contribution that the Broker should pay to the Fund shall be calculated on the basis of the net amounts due to be paid by the Broker in favor of the settlement as a result of trading in securities through the Market for the last three months subject to the amount not being less than (25,000) twenty five thousand Dinars in accordance with the following formula:

The cash contribution amount = ( X x Y x S) – G  $\geq$  (25,000) Dinars.

Where X: is the daily average net amounts to be paid by the Broker in favor of the settlement for the last three months.

Y: is the percentage of days that the broker had to pay amounts for settlement for the last three months and is calculated by dividing the number of days in which the broker had to pay amounts in favor of the settlement by the number of trading days in that period.

S: is the period of settlement.

G: represents the amount of the bank guarantee calculated in accordance with the provision of Paragraph (A) of this Article.

C- The following trading contracts shall be excluded from the broker's securities trading transactions for the purposes of calculating the average net amounts to be paid by the broker in favor of the settlement referred to in paragraphs (A) and (B) of this article:

1. The trading contracts referred to in Article (5) of this By-Law.
2. The trading contracts related to custody accounts that the custodian agrees to settle according to the instructions issued by the Center.

D- The amount of the bank guarantee and the cash contribution shall be rounded up in increase to the approximate (1,000) one thousand Dinars.

E- The amounts referred to in Paragraph (B) of this Article shall be credited to the cash contribution account of the concerned Broker.

Article (10) A- The cash contribution amount for Brokers shall be re-calculated every three months at the end of March, June, September and December of each year.

B- If the cash contribution amount calculated in accordance with Paragraph (A) of this

Article exceeded the amount of the Broker's cash contribution in the Fund, the Broker shall pay the amount that represents the difference within three business days from the date of receipt of the Center's claim to that effect; otherwise, the Center shall take the following measures:

1. Inform the Commission and notify the Market to suspend the Broker from trading.
  2. Suspend the services provided by the Center to the concerned Broker.
- C- If the cash contribution amount calculated in accordance with Paragraph (A) of this Article is less than the amount of the Broker's cash contribution in the Fund, the Fund shall reimburse the difference to the Broker, upon the Broker's request, within three business days.

- Article (11)
- A- The bank guarantee amount for all Brokers shall be re-calculated once every twelve months for brokers that have been trading in securities for twelve months.
- B- If the amount of the bank guarantee calculated in accordance with Paragraph (A) of this Article exceeded the amount of the guarantee provided by the Broker, the Broker shall provide a guarantee for the new amount within ten business days from the date of receipt of the Fund's claim to that effect, otherwise the Center shall:  
Inform the Commission and notify the Market to suspend the Broker from trading.  
.  
Suspend the services provided by the Center to the concerned Broker.  
.
- C- If the amount of the bank guarantee calculated in accordance with Paragraph (A) of this Article is less than the amount of the bank guarantee provided by the Broker, the Broker may keep the guarantee or substitute it with a new guarantee of the new amount.

- Article (12)
- A- Notwithstanding the provision of Paragraph (D) of Article (9), the guarantees that the broker should submit upon the acceptance of his membership at the Center shall be as follows:
1. A bank guarantee of the amount that represents the average amount of the bank guarantees calculated for all of the members of the Fund.
  2. A cash contribution of the amount that represents the average cash contributions calculated for all of the members of the Fund.
- B- 1. The cash contribution for the new Broker shall be re-calculated on the occasion of the first calculation for cash contributions in accordance with this By-Law after three months from the beginning of his trading in Securities.
2. The bank guarantee for the new Broker shall be re-calculated on the occasion of the first calculation of the bank guarantees in accordance with this By-Law after twelve months from the beginning of his trading in Securities.

- Article (13) Upon the recommendation of the Chief Executive Officer, the Fund's Board of Directors, May:
- A- Change the formula or method of calculation of the cash contribution and the bank guarantee specified in this By-Law, with the approval of the Board.
- B- Re- calculate the cash contribution amount and the bank guarantee amount referred to

in this By-Law for any Broker at any time.

- C- Change the formula or method of calculation of the cash contribution and the bank guarantee amount if the Broker fails to fulfill any of its obligations for settlement that result of trading transactions through the Market.
- Article (14)
- A- If the Broker does not pay the cash amounts due at the Settlement Account within the period specified on Settlement date, then the Broker is considered in breach of its obligations and the Fund shall substitute that Broker to fulfill those obligations whereby the Chief Executive Officer shall undertake the following measures:
    - 1. Transfer the amount that the Broker did not pay from the Fund's account to the Settlement Account.
    - 2. Inform the Commission and notify the Market to suspend the Broker from trading.
    - 3. Suspend the services provided by the Center to the concerned Broker.
    - 4. Demand the concerned Broker to pay all the due cash amounts to the benefit of the Fund including the delay charges and any expenses or costs incurred by the Fund accordingly.
  - B- If the amount that the Fund paid on behalf of the Broker in accordance with Paragraph (A) of this Article equals or is less than the cash contribution of the Broker in the Fund, the total amount shall be debited from that Broker's account in the Fund.
  - C- If the amount that the Fund paid on behalf of the Broker in accordance with Paragraph (A) of this Article is less than the total value of the cash contribution and the bank guarantee jointly and is more than the cash contribution of that Broker in the Fund, the Fund shall take the following measures:
    - 1. Debit the entire cash contribution balance of the concerned Broker.
    - 2. Take all the necessary and immediate measures to liquidate the bank guarantee of the concerned Broker who defaulted on payment.
  - D- If the amount that the Fund paid on behalf of the Broker in accordance with Paragraph (A) of this Article exceeded the total of the cash contribution and bank guarantee together, the Fund shall take the following measures:
    - 1. Debit the entire cash contribution balance of the concerned Broker.
    - 2. Take all the necessary and immediate measures to liquidate the bank guarantee of the concerned Broker.
    - 3. The Fund will possess the bought securities whose value has not been paid for with a percentage equaling 120% of the amount that exceeds the total of the Broker's cash contribution and the bank guarantee provided by it.
  - E- The Center may impose a lien on the securities owned by concerned Broker for the benefit of the Fund.
- Article (15)
- A- If the Custodian does not pay the cash amounts due at the Settlement Account within the period specified on Settlement date, then the Custodian is considered in breach of its obligations and the Fund shall substitute that Custodian to fulfill those obligations whereby the Chief Executive Officer shall undertake the following measures:
    - 1. Transfer the amount that the Custodian did not pay from the Fund's account to the Settlement Account.
    - 2. Inform the Commission.
    - 3. Suspend the services provided by the Center to the concerned Custodian.

4. Demand the concerned Custodian to pay all the due cash amounts to the benefit of the Fund including the delay charges and any expenses or costs incurred by the Fund accordingly.
- B- If the amount that the Fund paid on behalf of the Custodian in accordance with Paragraph (A) of this Article equals or is less than the value of the guarantee determined for that Custodian in the Fund, the total amount shall be debited from that Custodian's account in the Fund.
  - C- If the amount that the Fund paid on behalf of the Custodian in accordance with Paragraph (A) of this Article exceeded the value of the guarantee determined for that Custodian in the Fund, the Fund shall take the following measures:
    1. Take the necessary measures to debit the entire amount representing the Guarantee of the concerned Custodian.
    2. The Fund will possess the bought securities whose value has not been paid for with a percentage equaling 120% of the amount that exceeds the total of the Custodian's guarantee in the Fund.
  - D- The Center may impose a lien on the securities owned by the concerned Custodian for the benefit of the Fund.

Article (16)

- A- If a deficit occurs in the sold securities, the concerned Broker shall resolve the reasons of that deficit within the specified period in accordance with the Instructions issued by the Center.
- B- If the concerned Broker does not cover the deficit in the securities within the specified period referred to in Paragraph (A) of this Article, the Fund shall substitute that broker and on its behalf shall take the necessary measures to purchase the securities in deficit outside the Market in accordance with the following:
  1. The Fund shall notify the Brokers through the Center's electronic systems of its desire to buy the number of securities in deficit and the Fund shall specify in its purchase request the date of settlement for the purchase transaction.
  2. The Brokers shall present their offers through the Center's electronic systems to sell the securities referred to in Sub-Paragraph (1) of this Paragraph where the Broker shall specify in its sale offer the Center's Number of the client wishing to sell, the client's name, account number assigned by the Broker and the price on which it wishes to execute the sale.
  3. In order for the Broker to submit the sale offer referred to in Sub-Paragraph (2) of this Paragraph, its client must own the concerned securities in the client's account maintained by the Broker with those securities not being subject to any pledge, lien or ownership restriction that prevents its absolute disposal and the Broker must have an authorization from its client to sell those securities.
  4. The Center shall buy the specified number of securities by choosing the lowest offered prices and the concerned Brokers shall be informed accordingly.
  5. The sale and purchase transaction referred to in this Paragraph shall be added to the trading transactions that will be settled on the settlement date specified in Sub-Paragraph (1) of this Article and the Center shall re-calculate the financial settlements of the concerned Brokers.
- C- If the Fund was not able to cover the securities in deficit on behalf of the concerned

broker within a maximum period of five working days, the Center has, in this case, the right to cancel the suspended trading contracts that resulted in the sale of securities in deficit and reimburse the value of the bought securities to the buying broker on behalf of its client. It is possible upon the decision of the Fund's Board of Directors; it shall to reimburse the buying client upon his justified request for cancellation of trading contract by (1%) of the market value of the securities in deficit with a maximum of (25,000) twenty five thousand Dinars.

- Article (17) A- The Fund shall re-sell the securities that it possessed pursuant to this By-Law through the Market and deposit the return of the sale in the Fund.  
B- The Fund shall have the right to sell the securities owned by any of its Members as a guarantee for the fulfillment of the Member's obligations towards the Fund.
- Article (18) A- If the Fund paid any amount on behalf of any of its members, the concerned Member shall pay that amount in addition to a delay charge of (1%) of the amounts paid on its behalf for each day of delay and with a maximum of (50%) of the paid amount.  
B- The Fund Member shall pay the delay charge within three business days from the date of receiving the Fund's claim.  
C- The delay charges paid by the members in accordance with the provisions of this article shall be debited in a designated account with the Fund and shall not be distributed to the Fund Members.
- Article (19) A- The Member of the Fund shall not have the right to resume operations and trade in securities unless it fulfills all its obligations towards the Fund and the Center.  
B- After the Member fulfills all its obligations towards the Fund and the Center, the Center shall decide to resume providing services to that Member and immediately inform the Commission and the Market.
- Article (20) A- The Center shall maintain the accounts and registers of the Fund which shall be completely segregated from the accounts and registers of the Center.  
B- The authorized signatory on behalf of the Fund in financial matters shall be determined by a decision of the Fund's Board of Directors.
- Article (21) A- Subject to the provision of Articles (14) and (15) of this By-Law, the Fund's liability for covering any deficit is limited to the total guarantees of the concerned Members in the Fund.  
B- The Fund's assets shall be segregated from the Center's assets. The assets of the Center shall not in any case be used to fulfill the settlement obligations on behalf of any Member.
- Article (22) A- The cash contributions shall be deposited in a designated account for the Fund with one Bank or more in the Kingdom of Jordan in accordance with the decisions taken by the Fund's Board of Directors.  
B- The revenues of the cash contributions shall be calculated and distributed at the end of each fiscal year to the accounts of the members of the Fund, each in accordance to the percentage of its cash contribution in the Fund after deducting the administrative



expenses and costs incurred by the Fund for the same period of time.

- Article (23) A- The Fund's Board of Directors shall appoint an external auditor and determine its fees.  
B- The Chief Executive Officer shall prepare an annual report which contains the financial statements audited by the external auditor of the Fund and submit it to the Fund's Board of Directors for endorsement within a maximum period of three months after the end of the fiscal year.
- Article (24) The Fund's Board of Directors may conclude an insurance contract against the risks that the Fund faces, on the expense of the Fund and within the conditions it deems suitable.
- Article (25) After thirty days of the termination of its membership at the Center and after ascertaining that all its transactions have been settled and all its obligations to the Fund and the Center have been fulfilled, The Member shall have the right to recover the guarantees provided by it to the Center
- Article (26) Members shall adjust their circumstances and fulfill their obligations towards the Fund in accordance with the provisions of this By-Law pursuant to the decisions of the Fund's Board of Directors in this regard.
- Article (27) In case the Fund is liquidated, the assets in the Fund shall be returned to the Members each within its contribution and after deducting all expenses and financial obligations of the Fund.
- Article (28) Notwithstanding the provisions of this by-law, if the Fund was not able to cover the securities in deficit within the specified period according to the provisions of the legislations enforced at the Center, and upon justified reasons related to the size of the trading contract, its market value or the liquidity of the security subject of the contract, the Chief Executive Officer may cancel the trading contract and upon the decision of the Fund's Board of Director. And it shall reimburse the buying client for this cancellation upon his justified request by (1%) of the market value of the securities in deficit with a maximum of (25,000) twenty five thousand Dinars and inform the Commission about that
- Article (29) The Board of Directors may issue the necessary bases and decisions necessary to execute this By-Law.
- Article (30) The Internal By-law of The Settlement Guarantee Fund for the 2004 shall be deemed repealed upon the effectiveness of this By-Law.

201976