



Law No. (18) for the Year 2017

The Securities Law

Article (1)

This Law shall be known as (The Securities Law for the Year 2017), and shall come into effect as of the date of its publication in the Official Gazette.

Definitions

Article (2)

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

- 1. The Commission:** The Securities Commission.
- 2. The Board:** The Board of Commissioners of the Commission.
- 3. The Chairman:** The Chairman of the Board.
- 4. The Trading Market in Securities:** Any organized market or periodic or continuous use of media of public communication to enable trading of securities and financial assets.
- 5. The Financial Market:** Any Trading Market in Securities licensed by the Commission in accordance with the provisions of this Law.
- 6. Center:** The Securities Depository Center.
- 7. Person:** A natural or legal person.



- 8. Financial Broker:** Any person engaged in the business of buying and selling securities for the account of others.
- 9. Dealer:** Any person engaged in the business of buying and selling securities directly for his own account through the Financial Market.
- 10. Investment Trustee:** Any legal person engaged in the business of administering and monitoring the management of a client's investments so as to ensure their conformity with the client's investment principles and objectives specified in the investment agreement concluded between the client and the Investment Manager.
- 11. Investment Manager:** Any person engaged in the business of managing securities portfolios for the account of others, including the management of Mutual Funds.
- 12. Financial Advisor:** Any person engaged in the business of providing advice with respect to securities investment to others for a fee, charge or commission.
- 13. Underwriter:** Any legal person engaged in the business of administering the issuance and marketing of securities on behalf of the Issuer.
- 14. Financial Services Company:** Any Legal Person licensed to engage in one or more of the businesses of Financial Broker, Dealer, Investment Trustee, Investment Manager, Financial Advisor, Underwriter, or any other activity determined by the Jordan Securities Commission pursuant to the Securities Law and the regulations, instructions and decisions issued pursuant thereto.



- 15.Custodian:** Any legal person engaged in the business of providing safe custody of securities.
- 16.Licensed Person:** Any person licensed by the Commission in accordance with the provisions of this Law.
- 17.Registered Person:** Any natural person who is a member of the Board of Directors or the board of executives, or director, manager or employee of a Financial Services Company, or any person occupying a similar status or performing similar functions with a Financial Broker, Dealer, Investment Trustee, Investment Manager, Financial Advisor, Underwriter or Financial Services Company. The term excludes any person whose functions are solely clerical, supporting services unrelated to the activities related to securities.
- 18.Issuer:** Any legal person issuing or announcing the intention to issue securities.
- 19.Public Issuer:** Any Issuer who has filed a prospectus that has become effective with the Commission.
- 20.Public Offer:** An offer for the sale of any security to more than thirty persons of the public, including public issuance and public subscription.
- 21.Public Takeover Offer:** Any offer for the purchase or exchange of 40% or more of the securities of one Issuer.
- 22.Mutual Fund:** A fund established under, and operating in accordance with the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto.
- 23.Mutual Investment Company:** The Public Shareholding Company which purposes shall be limited to investing its moneys



and the moneys of others in all different types of securities. The term excludes banks and insurance companies performing banking and insurance business as such.

24.Shared Investment Account: An account that combines the investments of more than one person for the purposes of the account administration.

25.Material Fact: Any event or datum that, to a reasonable person, would have an effect in making a decision to buy, hold, sell or dispose of a security.

26.Prohibited Act: Any action, practice, scheme, course of conduct, or device forbidden in this Law or the regulations, instructions or decisions issued pursuant thereto.

27.Misrepresentation: Any untrue statement of a material fact, or any omission or concealment of a material fact or any other datum required to ensure that a statement made is true and accurate.

28.Deception: An act, scheme, device, practice or course of conduct likely to have the effect of misleading others or intended to mislead them.

29.Inside Information: Information relating to one or several Issuers or to one or several securities which has not been made public and which, if it were made public, would likely affect the price of any such security. This does not include inferences drawn on the basis of economic and financial studies, research and analysis.

30.Insider: A person who possesses Inside Information by virtue of his position or job.



- 31.Trading Contract:** A contract on the basis of which securities are purchased and sold.
- 32.Dealing:** The registration, issuance, subscription, promotion, marketing, custody, listing, depositing, trading, settlement, purchase from Issuer, public offer or public takeover offer of securities or the financing of dealing therein, or the lending, borrowing, short sale or hypothecation thereof or any other activity approved by the Board.
- 33.Clearance:** The process of computing the net rights and obligations of trading counter-parties arising from a trading contract, in order to deliver the securities or settle their price payments on the specified settlement date.
- 34.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.
- 35.Delivery Versus Payment:** A method of settlement according to which the securities are delivered in exchange for price payment.
- 36.The Competent Court:** The Amman Court of First Instance.
- 37.Relatives:** Husband, wife and underage children.

Article (3)

- A.** The term “Securities” shall mean any ownership rights or any established indications or evidences whether local or foreign which are commonly recognized as securities and considered as such by the Board.



B. In particular, the term “Securities” shall include the following:

1. Transferable and tradable companies’ shares.
2. Bonds issued by companies.
3. Securities issued by the Government, official public institutions, public institutions, or municipalities.
4. Securities depository receipts.
5. Shares and investment units of Mutual Funds.
6. Equity option bonds.
7. Spot contracts and forward contracts.
8. Put option contracts and call option contracts.
9. Any right to acquire any of the aforementioned in Subparagraphs (1-8) of this Paragraph, subject to Board approval.

Article (4)

The following shall not be deemed as securities:

- A. Commercial papers including checks and bills of exchange.
- B. Documentary credits, transfers and instruments exclusively traded among banks.
- C. Insurance policies and entitlements in pension funds for beneficiaries which are financed by other than their contributions.

Article (5)

Every Issuer in the Kingdom shall submit to the Commission an application for registering securities therewith in accordance with the instructions issued by the Board.



Article (6)

The provisions stipulated in this Law and the regulations, instructions and decisions issued pursuant thereto shall apply to companies' shares and other traded securities on the Financial Market with respect to the following matters:

- A.** The rights of the parties arising out of the sale, purchase or transfer of securities.
- B.** The method and specific form of registration of ownership rights and the legal effects thereof.
- C.** The transfer of ownership rights and the rights arising from such transfer.
- D.** The rights of the parties involved in the clearing, settlement and transfer.
- E.** The rights of the creditors of the trading contract counter-parties arising during the process of the sale, purchase or transfer of securities including the rights related to the securities and its equivalent cash thereto.
- F.** The conclusion and documentation of trading contracts and means of their proof and cancellation.
- G.** The dealing in securities.

The Securities Commission

Article (7)

- A.** A Commission known as the (Securities Commission) shall be established, and shall have a legal personality with financial and



administrative autonomy. As such, the Commission may acquire movable and immovable property and perform all legal acts necessary to achieve its objectives, including concluding contracts, borrowing, accepting assistance, gifts and donations. The Commission shall have the right to sue and be sued, and shall be represented in legal proceedings by the Civil Attorney General or any attorney it appoints for this purpose.

- B.** The Commission shall report to the Prime Minister.
- C.** The Commission's headquarters shall be in Amman.

Article (8)

- A.** The Commission shall in particular aim to achieve the following:
 - 1.** Protecting investors in securities.
 - 2.** Regulating and developing the capital market to ensure fairness, efficiency and transparency.
 - 3.** Protecting the capital market from the risks it might face.
- B.** In order to achieve its objectives, the Commission shall assume the following main responsibilities and authorities:
 - 1.** Regulating and monitoring the issuance of securities and dealing therein.
 - 2.** Insuring full and accurate disclosure by Issuers of the material facts necessary to investors and relevant to the public issuances of securities.
 - 3.** Regulating and monitoring disclosure including the periodic reports prepared by Issuers.



4. Regulating licensing and registration, and monitoring the activities of Licensed and Registered Persons in the capital market.
5. Adopting Financial Adequacy Standards for Financial Services Companies in accordance with the regulation issued for this purpose.
6. Regulating and monitoring the Financial Market and Trading Markets in Securities.
7. Regulating and monitoring the Center.
8. Regulating Mutual Funds and Investment Companies.

Article (9)

- A. The Commission shall not engage in any commercial activity, or participate in commercial projects or lend funds, and own or issue securities.
- B. Subject to the approval of the Council of Ministers, the Commission may borrow and own securities issued by the Government, public official institutions, public institutions or municipalities.

Article (10)

- A. A Board known as the (Board of Commissioners of the Commission) shall undertake the administration of the Commission and the supervision of its affairs. The Board shall be composed of five full time Commissioners, provided that each Commissioner:
 1. Shall be a Jordanian.



2. Shall be a holder of at least a Bachelor Degree.
 3. Shall be experienced and specialized in financial or economic or legal affairs.
 4. Shall not be a minister or a member of the Parliament or a public employee, or an employee in a public institution or in a municipality, or a member or an employee in any company or institution.
- B.** The Commissioners, including the Chairman and the Deputy Chairman, shall be appointed for a four-year term renewable once, by a decision of the Council of Ministers upon the Prime Minister's recommendation, endorsed by a Royal Decree. Any Commissioner may be replaced by another for the outstanding period of the Board's term in accordance with the same procedures.
- C.** The salaries, benefits and all financial entitlements of the Commissioners shall be determined by a decision of the Council of Ministers.
- D.** The Commissioners shall take the following oath before the Prime Minister, prior to assuming their responsibilities:
(I swear by Almighty Allah to be loyal to the King and the Country, to uphold the Constitution, to abide by the laws and regulations in force and to perform the functions and duties entrusted to me with honor, honesty and dedication).

Article (11)

- A.** Upon assuming his duty, each Commissioner shall declare in writing to the Board any securities which are owned thereby, at his



disposal or at the disposal of any of his relatives thereof, as well as any shares or contributions in any Financial Services Company owned thereby, or at his disposal or at the disposal of any relatives thereof. The Commissioner shall also declare in writing to the Board any changes to the aforementioned within three days of his knowledge of such changes thereof.

- B.** The Commissioner shall not practice any other profession or assume any other job, including occupying a ministerial post, being a member of the Parliament, or occupying any other post or job in the Government, an official public institution, public institution, a municipality, or any company or institution. He shall not be in a position to influence the decisions of such entities or acts in a consultative capacity thereto.

Article (12)

The Board shall assume all the necessary authorities to achieve the Commission's objectives in accordance with the provisions of this Law, and carry out the responsibilities and authorities stipulated in accordance with its provisions, including the following:

- A.** Formulating the Commission's general policy and developing the programs necessary for its implementation.
- B.** Approving the trading of any security outside the Financial Market.
- C.** Approving the listing of any Jordanian security on any trading markets in securities outside the Kingdom.
- D.** Deciding on the applications for the registration of securities upon the Chairman's recommendation.



- E.** Suspending or ceasing dealing in any security for the period it deems appropriate.
- F.** Approving the establishment and registration of Mutual Funds.
- G.** Granting the license and registration issued pursuant to the provisions of this Law.
- H.** Restricting, suspending, ceasing or canceling, for the period it deems necessary, the licensing or registration granted to any person.
- I.** Setting the fees for issuing licenses or registrations or for renewals thereof.
- J.** Approving the services fees, charges and commissions, charged by the Financial Market and the Center pursuant to their respective By-Laws.
- K.** Setting the minimum and maximum limits of commissions which the Financial Services Companies and Licensed Persons charge their clients for.
- L.** Adopting the accounting and auditing standards, and performance evaluation standards to be followed by the parties subject to the Commission's monitoring.
- M.** Setting the standards and eligibility conditions required for auditors qualified to audit the accounts of the entities subject to the Commission's monitoring and supervision.
- N.** Setting the Rules of Governance for any of the entities subject to the Commission's monitoring.



- O.** Issuing a Code of Conduct to regulate the treatment of investors by the Commission's employees in a manner that guarantees mutual respect.
- P.** Establishing cooperative relations with Arab and foreign Securities Commissions and with Arab, regional and International Organizations specialized in capital markets.
- Q.** Reviewing the decisions relevant to dealing in securities issued by the Financial Market and the Center and repealing the implementation of any of such decisions.
- R.** Issuing the required instructions for administering the Commission, and any other instructions or decisions to implement the provisions of this Law and the regulations issued pursuant thereto, or amending or repealing such.
- S.** Preparing draft laws and regulations related to securities.
- T.** Preparing the Commission's annual budget and submitting it to the Council of Ministers for endorsement.
- U.** Any other matters that the Chairman presents to the Board.

Article (13)

- A.** The Chairman shall be the Commission's chief executive and chief financial officer. He shall be responsible for implementing the Commission's policy and the management of its affairs. As such, he shall assume the following:
 - 1.** Implementing the decisions adopted by the Board.
 - 2.** Signing contracts as authorized by the Board.



3. Signing, solely or jointly with others, the reports, accounting data, financial statements, correspondence, and documents of the Commission.
- B.** The Deputy Chairman shall perform the duties and functions assigned to him by the Chairman and shall exercise the powers of the Chairman in his absence or if his post becomes vacant.
 - C.** The Commissioners shall undertake the duties and functions assigned thereto by the Chairman.
 - D.** The Chairman may delegate any of his powers stipulated in this Law to any Commissioner. He may also delegate any of his powers to any competent employee at the Commission, provided that the delegation shall be in writing and specific.

Article (14)

- A.** The Board shall meet at least once each month and whenever it is deemed necessary, upon the invitation of the Chairman or his Deputy when the Chairman is absent. The Board meetings quorum shall consist of four members, provided that the Chairman, or in absence thereof, the Deputy Chairman, is in the quorum. The Board decisions and recommendations shall be adopted by a majority of at least three votes of the attending members. No member shall refrain from voting. A member voting against a decision shall state his opposition in writing and sign thereon.
- B.** The provisions and procedures governing the Board meetings shall be specified in the instructions it issues for this purpose.



Article (15)

- A.** The following shall be subject to the Commission's monitoring and supervision in accordance with the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto:
1. The Issuers.
 2. The Licensed Persons.
 3. The Registered Persons.
 4. The Financial Market.
 5. The Center.
 6. Mutual Funds and Investment Companies.
- B.** The entities referred to in Paragraph (A) of this Article shall be subject to inspection and to the auditing of its documents, records and registers by the competent entity within the Commission legally authorized to do so.
- C.** To realize the purposes of this Law and the regulations, instructions and decisions issued pursuant thereto, the documents, records and registers, wherever mentioned, shall include the bank statements, correspondence, memoranda, documents, computer files, or any other means for filing information and data whether written or electronic.

Article (16)

- A.** Prior to issuing any instructions in accordance with the provisions of this Law or the regulations issued pursuant thereto, or introducing any amendment thereto, the Board may publish the draft instructions or amendments to enable others to comment in



writing thereon within a period of no less than fourteen days from the date of publication.

- B.** The Board shall issue the instructions referred to in Paragraph (A) of this Article after considering any comments received thereon, provided that the instructions shall come into effect as of the date stipulated therein.
- C.** The instructions shall be published through any means that the Commission deems appropriate, including posting on its website on the Internet or any other data network.

Article (17)

- A.** The Commission may, through the competent entity therein, conduct any investigation, inspection or auditing to determine if any person has violated any of the provisions of this Law or the regulations, instructions and decisions issued pursuant thereto.
- B.** The Commission may investigate, through the competent entity therein, any information, circumstances or practices it deems necessary and appropriate for the implementation of the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto.
- C.** The Commission, through the competent entity therein, and for the purpose of carrying out the investigations referred to in Paragraphs (A) and (B) of this Article, may carry out any of the following:
 - 1.** Verify and make copies of the documents, records and registers of any Licensed or Registered Person, or any entity



subject to Commission's monitoring and supervision, and inspect such documents with or without prior notice.

2. Summon witnesses to testify under oath, and to submit any documents and papers pertaining to the investigated matter.

D. The Commission may enlist the services of experts and specialists in conducting the investigations, inspections and verifications referred to in Paragraph (A) of this Article.

Article (18)

The following shall be considered violations of the provisions of this Law:

A. Failure of a Licensed Person, Registered Person or any entity subject to the Commission's monitoring and supervision to comply with the Commission's requests to submit the required documents or papers or to appear for testimony, in which case the Board may cancel the license or registration.

B. Failure of any person, other than the Licensed Person, the Registered Person, or any entity not subject to the control and supervision of the Commission, to comply with the Commission's requests to submit the required documents or papers or to appear for testimony.

Article (19)

A. If the Board upon a determination of good cause, deems that the protection of investors dictates taking immediate measures, it may



take, for the period it deems appropriate, one or more of the following measures:

1. Cease or suspend any activity related to the securities or to a specific security.
 2. Suspend the public offer of a security.
 3. Suspend the activities of a Licensed or Registered Person.
- B.** The Board may take a temporary order to cease... the activities of a Licensed or Registered Person who commits or attempts to commit any violation that is likely to result in dissipation or conversion of assets, or cause damage to the public interest or to the investors. Such temporary order shall remain effective pending the completion of due proceedings by the Commission, unless the order is otherwise cancelled or ceased by the Board.
- C.** The Board may carry out any of the measures stipulated in Paragraphs (A) and (B) of this Article regardless of whether the concerned person has been given the opportunity to have his statement heard, or not in accordance to the dictate of the public interest.
- D.** The Licensed Person, or Registered Person, or the Person subject to immediate measures according to the provisions of Paragraphs (A) and (B) of this Article may present a petition to the Commission for a hearing to present his supporting evidences, or to have the order cancelled, suspended, or restricted.



Article (20)

The Board may, as it deems appropriate, publicize any violation of the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto in order to forewarn investors to avert any resultant consequences.

Article (21)

- A.** If the Board, through the competent entity finds that any person has violated the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto, the Chairman or whomever he delegates in writing shall send a written notice to that person for hearing, presenting his evidence and determine a hearing date and time provided that the notice shall include the nature of the violation and the person's right to present his defense within the specified period in the notice and to appoint an attorney.
- B.** The Board, through the competent entity shall review the respondent's response on the notice and it may take any of the measures stated in Article (17) of this Law.
- C.** The competent entity at the Commission shall send its recommendations concerning the violation to the Chairman including measures taken and collected information and documents. The Chairman shall present it to the Board thereof to take the appropriate decision.
- D.** If the Board finds that the person committed any violation for any of the provisions of this Law and the regulations, instructions and



decisions issued pursuant thereto, the Board may take one or more of the following measures:

1. Issue an order requiring such person to eliminate the violation to refrain from committing it, or to refrain from any measure causing such violation during a specified period of time.
2. Impose a monetary fine of no more than one hundred thousand Jordanian Dinars in accordance with Paragraph (A) of Article (22) of the Law.
3. Order the cessation of the issuance or trading of any securities related to the violation.
4. Suspend, revoke, or restrict the license or registration, if the violating person was a Licensed Person or Registered Person as the case may be.
5. Suspend the dealing of the violator in the Financial Market for the period the Board deems appropriate.

E.

1. The Board's issued decision according to the provisions of Paragraph (D) of this Article shall be justified and is subject to appeal within fourteen working days from the date of receiving the decision and the Board may accept the appeal wholly or partially or reject it.
2. The Board shall issue its decision regarding the appeal within fourteen working days from its registration with the Commission and the decision shall be justified and appealed before the Administrative Court.



Article (22)

A. Upon determining the amount of the fine imposed on any person who has violated the provisions of this Law, and the regulations, instructions and decisions issued pursuant thereto, the Board shall take into account any issues required to protect the dealing in securities including the following:

1. Whether the violation involved fraud, deceit, manipulation, deliberate ignorance or gross negligence of the requirements stipulated in this Law.
2. The resulting of any direct or indirect, harm for any person from the violation.
3. The resulting of illegal enrichment or avoidance of loss, taking into account restitutions made to persons affected by such a violation.

B. The Board may refer the committed violations of the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto to the Competent Court.

Article (23)

Subject to reciprocal treatment, the Commission may provide any non-Jordanian Securities Commission or Capital Market Regulator upon its request with information about Licensed Persons or their business to assist in any investigation it conducts. The Commission may also conduct an investigation itself for this purpose.



Article (24)

Any information to which Commissioners and the Commission employees have access shall be deemed confidential, subject to legal liability. Nevertheless the Board may upon justified causes disclose the information it deems necessary for protecting investors.

The Commission's Financial Affairs

Article (25)

The Commission shall have an independent budget. Its fiscal year shall start on the first day of January of each year and shall end on the 31st day of December of the same year.

Article (26)

The Board shall present to the Council of Ministers, within the first three months of each fiscal year, an annual report summarizing the Commission's activities during the preceding year accompanied by its balance sheet and closing accounts, certified by an auditor.

Article (27)

A. The Commission shall charge fees for the following:

- 1.** The filing of a prospectus and registration of securities therewith.
- 2.** The granting or renewal of any license or registration in accordance with the provisions of this Law.
- 3.** The registration of the Mutual Fund.



4. The listing or approving of the trading in securities in the Financial Market.
 5. The membership at the Center of Public Issuers and public shareholding companies.
 6. The trading in securities and the transfer of its ownership.
- B.** The amount of the fees provided for in Paragraph (A) of this Article shall be determined according to regulations issued pursuant to the provisions of this Law.

Article (28)

The Commission's financial resources shall consist of the following:

- A.** The fees, service charges, and commissions charged in accordance with the provisions of this Law, the regulations and instructions issued pursuant thereto.
- B.** The fines imposed by the Board pursuant to the provisions of this Law, or by the Courts.
- C.** The charges for the use of the Commission's facilities, returns on the Commission's investments, and proceeds from the sale of the Commission's assets.
- D.** Assistances, donations, grants and any other revenues received by the Commission provided they are approved by the Council of Ministers.
- E.** Amounts allocated by the Government to the Commission in the General Budget or for covering a deficit in the Commission's revenue and expenditures account.



Article (29)

- A.** Notwithstanding what is stated in any other legislation, all fees, charges and commissions charged by the Commission, as well as fines imposed by the Board or Courts pursuant to the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto, shall devolve to the Commission.
- B.** Any deficit occurring in the revenues and expenditures account for any fiscal year shall be covered by the Government.

Article (30)

The Commission's accounts shall be monitored by the Audit Bureau. The Board shall appoint a certified auditor and set his service charges.

Article (31)

The Commission's funds and rights against others shall be deemed as domanial property, to be collected in accordance with the provisions of the Collection of Domanial Property Law in force. For this purpose, the Chairman shall assume the powers of the Administrative Governor and the Committee for Collection of Domanial Property as stipulated in the aforementioned Law.

Article (32)

The Commission shall be entitled to the exemptions and facilities accorded to ministries, government departments, and official public institutions.



Investors Protection Fund

Article (33)

- A. The Commission shall establish a fund known as the (Investors Protection Fund). The Fund shall have a legal personality and financial autonomy.
- B. All matters pertaining to the Investors Protection Fund, including its objectives, management, mandatory of membership, financial resources, administration of assets, mode of operation, obligations towards investors in Jordanian securities, and its liquidation shall be governed in accordance with a regulation issued for this purpose.
- C. The Fund shall be subject to the Commission's monitoring and supervision.

Disclosure

Article (34)

- A. :
 - 1. No person shall make a public offer unless a prospectus is filed with the Commission, enclosed with all information and data which enable investor to make his investment decision.
 - 2. The Board shall issue instructions specifying the information and data which shall be included in the prospectus or enclosed therewith.
- B. Securities offering shall be in one of the following ways:



1. A prospectus.
 2. An advertisement containing a summary of the prospectus and other information or data required by the Commission or authorized thereby pursuant to instructions issued by the Board.
 3. A written text attached to or preceding the prospectus, provided the prospectus has come into effect.
- C. The sale of securities that are part of a public offer shall not be binding to the buyer unless he received a copy of the effective prospectus.
- D. Every person who wishes to market or sell non-Jordanian securities in the Kingdom shall have the Commission's prior consent in accordance with instructions issued by the Board for this purpose.

Article (35)

- A. In addition to any other requirements the Commission may impose pursuant to Article (34) of this Law, the information and data to be filed together with the prospectus shall include copies of the following:
1. Any agreement or agreements concluded with the Underwriter.
 2. Opinion of legal counsel in respect to the legality of the issuance.
 3. The Issuer's memorandum of association if the Issuer is a public shareholding company or a private shareholding



company, and a copy of its articles of association and any other documents relevant to the company.

4. The partnership agreement or memorandum of association or any other form of organization, if the Issuer is a company or another form and a copy of the underlying agreements or indentures that affect the prices of the stocks, bonds or debt instruments offered or to be offered.
5. All contracts that contain material facts and any privilege rights. The Commission may not disclose the content of any portion of any of such contracts if it determines that disclosure of such portion would impair the value of the contract and would not be necessary for the protection of the investors.
6. The agreements concluded between the Issuer, the payment agent, and the Custodian of the securities to be offered.

B. The Commission may, in accordance with instructions issued by the Board, request any information or data, other than what is provided for in Paragraph (A) of this Article, to be included in a written or electronic document, and attached with the prospectus.

Article (36)

The Board may, in accordance with the bases it determines, grant exemptions from submitting a prospectus in any of the following cases:

- A.** If the number of investors, to which the Public Offer is made, is limited, and the investors are capable of assessing and bearing the investment risks.



- B.** If the monies intended to be raised by the offer are limited.
- C.** If the disclosure submitted to the investors is accurate and sufficient to be considered as a substitute for the prospectus.

Article (37)

- A.** The prospectus shall be submitted in a written or electronic form specified by the Commission in accordance with the instructions issued by the Board, and shall be signed by the chairman of the Board of Directors with the general director or the chief executive officer and the chief financial officer of the Issuer, in addition to the following:
 - 1.** Founders owning more than (75%) of the establishment shares, if the company is in the establishment phrase.
 - 2.** If the company is a public shareholding company or a private shareholding company, the majority of the members of the Board of Directors of the Issuer.
 - 3.** The Underwriter or Underwriters, as the case may be.
 - 4.** The certified auditor who certified financial reports attached to the prospectus.
- B.** The Board may specify a certain form or type of electronic signature to be adopted that shall serve as equivalent evidence to a written signature in accordance with the Electronic Transactions Law.



Article (38)

- A.** The prospectus shall become public upon the Board's consent on its effectiveness.
- B.** The Commission shall provide public access to the effective prospectus and to other information filed in accordance with the provisions of this Law.
- C.** Upon petition by an Issuer or Underwriter, good cause therefore shown, the Board may order portions of the information filed together with the prospectus to be treated as confidential on the grounds that public disclosure would risk disclosing important business secrets. For this purpose, the Board shall hold a hearing to take the appropriate decision regarding the petition.

Article (39)

The prospectus is deemed to be effective thirty days after its submission to the Commission, unless within this period, the Board declares the prospectus effective or rejected. The Board may specify the period during which the prospectus is considered effective.

Article (40)

The Issuer shall inform the Commission in writing or electronically of any changes to the information in the prospectus as soon as they occur, whether or not the prospectus has been declared effective.

Article (41)



- A.** The Commission shall review the prospectus and the information attached thereto in accordance with the provisions of Articles (34), (35), and (37) of this Law to determine whether the prospectus satisfies the requirements of this Law and the regulations, instructions and decisions issued pursuant thereto. For this purpose, the Board shall hold hearings to evaluate the correctness, accuracy and sufficiency of the information filed therewith.
- B.** The Board may reject the prospectus or suspend its effectiveness if it finds that:
1. The prospectus or any of the accompanying information does not conform to the requirements of this Law or the regulations, instructions or decisions issued pursuant thereto.
 2. The prospectus or any of the accompanying information contains false, inaccurate or misleading data, or that it does not include material facts that enable the investor to make an investment decision, or that it presents information in a way that renders other information set forth in the context in which it appears, false, misleading or inaccurate.
 3. If the required fees for the submission and registration of the prospectus are not paid.

Article (42)

The following shall be considered in violation of the provisions of this Law:

- A.** An Issuer submitting a prospectus including false data pertaining to material facts or omissions of such facts.



- B.** A person signing a prospectus that includes false data pertaining to material facts or omissions of such facts.
- C.** A person not conforming to prospectus requirements prescribed by the Commission.
- D.** A person offering securities for sale prior to its registration with the Commission.

Article (43)

- A.** In accordance with the instructions issued by the Board, every Issuer shall file with the Commission, and publish the following periodic reports:
 - 1.** An annual report including financial statements audited by a certified auditor, within ninety days of the end of its fiscal year.
 - 2.** A quarterly report within thirty days of the end of its quarter reviewed by a certified auditor.
 - 3.** A report on its preliminary results submitted after a preliminary review by a certified auditor thereof, within a maximum period of forty five days from the end of the fiscal year.
 - 4.** A report pertaining to the election of the Board of Directors or any change in the composition or identity of any of its members.
- B.** The Board may determine the form and content of the reports required under Paragraph (A) of this Article, provided it specifies



the persons required to sign the report, taking into account the possibility of the adoption of these files in electronic forms.

- C.** The reports specified in Paragraph (A) of this Article may be published in a local daily newspaper, or by means of written or electronic mailings addressed to each security holder or by other means adopted by the Commission according to instructions issued by the Board.
- D.** Every Issuer must make public, and file with the Commission, any material facts upon recognizing such.

Article (44)

The Board shall issue instructions specifying the persons who are required to notify the Commission of securities under their ownership or disposal whether relating to issuances for their own account or accounts under their disposal.

Article (45)

- A.** No person shall be allowed to request to purchase, or acquire by exchange, (40%) or more of a Public Issuer's securities except by means of a Public Takeover Offer in accordance with the regulation issued for this purpose.
- B.** A Public Takeover Offer to purchase or exchange any securities is deemed to be an offer to all owners of such securities.
- C.** The person who makes a Public Takeover Offer shall pay any owner of securities that are subject matter of the offer, who wishes



to sell such securities, a price equals to the highest price paid to any other seller of such securities, without discrimination.

- D.** If the number of securities offered for sale or exchange by owners to the person who makes the Public Takeover Offer is higher than the number of securities that the person intends or commits to buy or exchange, then the purchase or exchange shall take place from the owners who wish to sell or exchange, in the proportion of the securities demanded for purchase or exchange to the total securities for sell or exchange.

Article (46)

- A.** The Issuer's Board of Directors shall form the following two committees from its members:
- 1.** The Audit Committee which shall consist of at least three of its non-executive members.
 - 2.** The Nominations and Remunerations Committee.
- B.** The relevant matters of the two committees referred to in Paragraph (A) of this Article, responsibilities and authorities of each committee and its term of service shall be specified in accordance with instructions issued by the Board.

Licensing, Registration and Monitoring

Article (47)

- A.** No person may engage in any of the activities below unless licensed by the Board in accordance with the regulation issued for this purpose:



1. Financial Broker.
 2. Dealer.
 3. Investment Trustee.
 4. Investment Manager.
 5. Financial Advisor.
 6. Underwriter.
 7. Custodian.
 8. Any other activities relating to securities determined by the Board.
- B.** No natural person may serve as a Registered Person of any of the entities referred to in Paragraph (A) of this Article unless registered with the Commission.
- C.** The regulation issued for this purpose shall determine the nature of the activities referred to in Paragraph (A) of this Article, the licensing requirements for each, the registration requirements for Registered Person, and level of training, experience, and competence for such. The issued regulation may require the applicant to apply for an examination or any other method to ensure his fulfillment of the required standards.

Article (48)

- A.** An application for a license for any of the activities referred to in Paragraph (A) of Article (47) shall be filed in writing with the Commission in line with the form prescribed thereby, enclosed therewith a statement attesting to the accuracy of the information in the application signed by the applicant.



- B.** The Commission may require additional information from the applicant including information relating to his biography, record and relation with other companies, as it may deem necessary to ensure his professional reputation.
- C.** The Commission may take the necessary measures to verify the information filed in the application.
- D.** The application for registration shall be filed with the Commission in accordance with the regulation issued for this purpose.
- E.** The Board shall issue its decision granting or rejecting the license or registration within sixty days as of the date of filing a complete application therewith satisfying all the terms and conditions.

Article (49)

The Board may approve petitions to modify licenses due to changes in any information related to the company employees, owners, managers or directors of any Financial Broker, Dealer, Investment Manager, Financial Services Company, Investment Trustee or Underwriter, provided this is made in a written application setting forth the information and facts with respect to such change.

Article (50)

The Board may require the Licensed Person to provide unconditional bank guarantees or any other acceptable guarantees so as to secure the Licensed Person's obligations to its clients dealing in securities and ensure its compliance with the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto. The Board may



liquidate and dispose of the guarantees shall the Licensed Person violate the provisions of this Law and the regulations and instructions issued pursuant thereto.

Article (51)

No person shall, at the same time, serve both as an Investment Manager and as an Investment Trustee for the same account or for the same client.

Article (52)

The names and addresses of all Licensed and Registered Persons, as well as all provisions pertaining thereto, shall be recorded in a register of Licensed or Registered Persons which shall be kept at the Commission and made accessible to the public.

Article (53)

- A.** The Board shall issue the instructions and decisions specifying the records to be maintained and kept by the Licensed Persons and such Person's obligation to submit any copies thereof requested by the Commission.
- B.** The Commission employees authorized by the Chairman may at any time inspect and view the records mentioned in Paragraph (A) of this Article periodically or whenever necessary to protect the investors and ensure public interest.
- C.** Licensed Persons must maintain accounting records in accordance with accepted accounting standards.



Article (54)

Notwithstanding what is stated in any other legislation:

- A.** The Licensed Person shall segregate client's moneys and securities that are considered a deposit therewith from its own moneys and securities, in accordance with the conditions specified by the Board which should be included in the agreements concluded with the clients.
- B.** Except where otherwise determined by the Board pursuant to the instructions issued thereby, moneys and assets that belong to clients and held by a Licensed Person shall not, under any circumstances, be available to distribute to the creditors of the Licensed Person in the event of the Licensed Person's insolvency or default.
- C.** The basis for naming the accounts and the requirements for the segregation and custody of clients' moneys and assets shall be specified in accordance with instructions or decisions issued by the Board.

Article (55)

- A.** The Financial Broker shall not finance the buying of shares on behalf of his clients unless licensed to undertake the businesses of margin finance in accordance with the provisions of this Law and the regulations, instructions and decisions issued for this purpose.
- B.** Margin finance shall mean the financing by a Financial Broker of a percentage of the value of securities he buys for his client in



accordance with the instructions and decisions issued by the Commission and in accordance with an agreement organizing the relation between them.

- C.** The ownership of securities financed by margin shall be considered an ownership that entitles the margin financed Licensed Person to have priority over all creditors of the client to allow the Licensed Person to take his rights over the securities financed by him prior to all other creditors regardless of such creditors' rights being of a specific or general priority lien.
- D.** A margin finance Licensed Person may determine his rights relevant to securities of any of his clients without referring to such client in any of the following cases:
1. The death of the client.
 2. The issuance of a decision to liquidate or to announce bankruptcy of, or to sequester the client.
 3. The issuance of an order from a competent authority to place lien on the client's securities.
- E.** Upon the occurrence of any of the cases referred to in Paragraph (D) of this Article, the margin finance Licensed Person shall notify the Commission and the Center in a written statement of the client's name, description of the case that required determining his rights, the amount and type of securities his client possess and the amount of the cash account relevant to securities funded within a period not exceeding the next working day from the date of his knowledge of the occurrence of such a case. He may afterward sell



securities he funded with the amount sufficient to fulfill his rights without a need to have an authorization to do so.

F. :

1. Notwithstanding what is stated in Paragraph (F) of Article (79) of this Law, lien restriction on securities funded by margin finance shall not be placed prior to the settlement of the relevant right related to such securities in accordance with the specified measures in this Law, the instructions and decisions issued pursuant thereto.
2. Liquidation of the owner of the securities, or the announcement of his bankruptcy or sequestration or death, or issuance of a decision to place lien on his securities shall not deter the right of the margin finance Licensed Person to commence selling his client's securities to fulfill his rights. The Licensed Person shall be held liable to guarantee the damages incurred by his client or others in the case of misusing the right provided according to the provisions of this Article.

Article (56)

A Licensed or Registered Person shall be deemed in violation of the Law if it carries out any of the following:

- A. Misdirect, misapply or otherwise misuse funds entrusted by clients or by shareholders.
- B. Practice Deception, Misrepresentation or Prohibited Acts.



C. Individually or in collusion with others, adversely affect competition, by manipulating the commissions or service fees charged to clients, or limiting the types of services provided thereto.

D. Individually or in collusion with others, adversely affect or attempt to adversely affect the capital market or otherwise.

Article (57)

While carrying out their activities, Licensed and Registered Persons, and their employees, shall abide by the rules of professional conduct in accordance with the instructions issued by the Board. This shall include acting with loyalty and dedication so as to maximize their clients' interests, and realize their investment objectives, without discrimination between them or charging them excessive commissions and service fees, or guaranteeing or promising clients definite amounts of profits, or otherwise engaging in fraudulent and deceptive practices.

Article (58)

The Board may deny the license application of any person or revoke the license granted to any person if it finds that the person's Board of Directors, chief executive officers, directors or managers in a position of responsibility has violated the licensing requirements of this Law or the regulations, instructions and decisions issued pursuant thereto.



Article (59)

Any Licensed or Registered Person shall continue to comply with all the licensing and registration requirements provided for by this Law and specified in the instructions issued pursuant thereto, subject otherwise to revoking the license or registration.

Article (60)

- A.** The Board may deny, suspend or revoke the license or registration of any person, as the case may be, if after notice and hearing it finds that this person has carried out any of the following:
1. Violated any provision of this Law or the regulations or instructions or decisions issued pursuant thereto.
 2. Filed false information in the application for license or registration.
 3. Committed a Prohibited Act.
 4. Demonstrated incompetence to perform the business as a Licensed or Registered Person.
- B.** In cases of violations against a Registered Person and in addition to the notice given to him, the Board shall also issue a notice thereof to the person employed by the Registered Person.
- C.** Pending the hearing, the Board may suspend the license or registration, provided it states the cause for such suspension.
- D.** Until the entry of a final order, the suspension of a license or registration, though binding upon the persons notified thereof, shall be deemed confidential, and shall not be published, unless it shall



appear that the order of suspension has been violated after notice, provided that the noticed persons shall abide with the order.

- E.** The final order of the Board refusing, suspending, or revoking a license, together with its findings, shall be entered in the record of Licensed and Registered Persons. The suspension or revocation of the license of a Licensed Person shall legally deem the registration of all its Registered Persons suspended or revoked.

Article (61)

Any Licensed Person that decides to discontinue carrying out any of its licensed activities shall promptly inform the Commission about its decision. In such a case, the license shall be revoked upon the fulfillment of the Licensed Person of all the requirements set by the Commission for the settlement of all claims and matters related to the activity being discontinued.

Article (62)

- A.** The liquidation of any Licensed Person, whether voluntary or compulsory, shall be carried out under the Commission's supervision and follow up, this provision shall not apply to banks with respect to their banking assets.
- B.** The Board may take any legal necessary measures to announce the bankruptcy of a Licensed Person who is a natural person, or refer a Financial Services Company for compulsory liquidation.
- C.** The money and securities belonging to the clients of a Financial Services Company shall not be subject to the procedures of lien,



sequestration, liquidation or bankruptcy to which the Financial Services Companies is subject.

Article (63)

- A.** The relationship between the client and the Licensed Person shall be governed by a written agreement that is consistent with the provisions of this Law, the regulations, and instructions issued pursuant thereto.
- B.** Every Licensed or Registered Person, when contracting with its clients or dealing in securities for their interests, shall certify the validity of its clients' signatures after verifying their identities and capacities for contracting, provided that the Licensed or Registered Person shall be responsible for the validity of the said signatures.
- C.** Any Licensed or Registered Person that sells or disposes of any securities without authorization from its owner or a written agreement pursuant to the provisions of the instructions issued by the Board to which the sale or disposition is authorized shall be deemed to have committed forgery and fraud.

Article (64)

A. :

1. A Trading Market in Securities shall be licensed as a Financial Market in accordance with the provisions of this Law and the instructions issued by the Board in this regard.
2. An application to license a Trading Market in Securities shall be filed with the Commission, enclosed therewith its



by-laws and instructions governing its activities and such other information and documents as the Board may deem necessary or appropriate for the protection of investors or in favor of the public interest.

B. A Trading Market in Securities shall not be licensed as a Financial Market unless the Board determines that such a Trading Financial Market is organized and has the capacity to enforce compliance by its members and persons associated with its members with the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto, and with its own by-laws and instructions.

C. The by-laws and instructions of a Trading Market in Securities shall provide for the following:

1. Charging its members, Issuers and other persons using its facilities any fees and charges to the Financial Market in a fair and reasonable manner.
2. Ensuring fairness, efficiency and transparency and preventing fraud, Deception and Prohibited Acts, fostering cooperation and coordination with entities working in the capital market and protecting investors.
3. Establishing fair principles for clients, Issuers, Financial Brokers or Dealers.
4. Imposing disciplinary sanctions upon its members and persons associated therewith for violation of the provisions of the by-laws and instructions of the Financial Market in Securities.



5. Applying equitable and fair trading procedures in the Financial Market.
 6. Eliminating any unjustified or inadequate restraints on competition.
 7. Establishing standards of training, experience and administrative competence for its members and persons employed by such members, and disciplinary measures against those who do not satisfy such.
- D.** Neither the chief executive officer nor the deputy chief executive officer of the Financial Market may be a member of the Board of Directors or of the board of executives of a Licensed Person, or a director, manager, employee or representative of a Licensed Person during their term in office.
- E.** The chief executive officer of the Financial Market shall be appointed by a decision of the Board of Directors of the Financial Market, subject to Board approval. The person so appointed shall not hold any other job nor be a partner, shareholder or representative of any Licensed Person.

Article (65)

- A.** The Financial Market pursuant to its issued instructions may conduct audit, investigation and inspection of its members and securities Issuers listed on the Financial Market, to ensure that they are not violating the issued by-laws and instructions conducted in a manner that would safeguard the rights of all parties.



- B.** The information to which the Financial Market management, employees or advisors have access shall be deemed confidential, and may not be disclosed without Board approval.
- C.** The Financial Market may, upon justified causes, pursuant to cases provided for in its issued by-laws and instructions suspend trading in certain securities or cease the business activity of any of its members, for the period it deems appropriate, provided that the Financial Market shall promptly notify the Commission of this.
- D.** If the Financial Market determines that a member is in such financial or administrative difficulties and continuing its operations may jeopardize the interests of investors, creditors, other members, or the Financial Market, the Financial Market shall promptly notify the Commission of this. The Commission may also, after notice to the Financial Market, immediately suspend, limit or prohibit the member's access to its services.

Article (66)

- A.** A Financial Broker or Dealer shall not trade in securities of a Public Issuer except through a Financial Market, unless such a security is exempt from this condition by the Board.
- B.** Trading on the Financial Market shall be carried out only through trading contracts between Brokers, either on behalf of clients or for their own account. The contracts shall be recorded in the Financial Market registers in accordance with the Financial Market by-laws and instructions, which shall be binding upon all trading parties.



C. The entry records of the Financial Market registers and accounts, whether written or electronic, as well as any document issued by the Financial Market pursuant thereto, shall constitute prima facie legal evidence of the trade and date stated therein unless proven otherwise.

Article (67)

The Financial Market shall specify in its issued by-laws and instructions the requirements and conditions for membership, including entering into binding agreements between the Financial Market and the Broker pursuant to which the respective rights and obligations between them are established.

Article (68)

- A. Members of the Financial Market, Issuers of listed securities and persons using its facilities shall comply with the by-laws and instructions issued by the Financial Market.
- B. A member shall sign a written commitment upon its acceptance as a member of the Financial Market pursuant to which he agrees to comply with the Financial Market's by-laws and instructions.

Article (69)

- A. Only securities deposited with the Center may be traded in the Financial Market, except where otherwise provided by the Board.
- B. Every public shareholding company established in the Kingdom, and every Public Issuer in the Kingdom, is required to apply for



listing of its outstanding securities for trading on the Financial Market.

- C.** No Jordanian Issuer shall list its securities on a Financial Market or trading market in securities outside the Kingdom without the Board's prior approval.
- D.** The Financial Market shall specify in its by-laws and instructions the different sets of standards and conditions for securities to be admitted to trading or listing. The Financial Market may provide for a distinction between listed securities and those admitted to trading. All securities of an Issuer of the same class and type shall be admitted to trading on the same basis.
- E.** The by-laws and instructions of the Financial Market pertaining to the admission of securities to trading or listing shall provide that the Issuer is required to enter into agreements with both the Financial Market and the Center pursuant to which the respective rights and obligations of the Issuer and the Financial Market shall be regulated.
- F.** The Financial Market that wishes to list its issued securities as self-listing, shall seek the Board's approval and comply with the conditions and requirements specified by the Board for this purpose.

Article (70)

- A.** The by-laws and instructions of the Financial Market relevant to dealing in securities and any amendments thereto shall be



submitted to the Board for approval prior to their being made effective and the Board may introduce any amendments thereto.

- B.** The Board may request the Financial Market's Board of Directors to introduce amendments to its by-laws and instructions relevant to dealing in securities, as it deems necessary in the public interest and for the protection of investors, and within the period specified in the request. At the end of the specified period, the Board may introduce the amendments which it deems appropriate. The amendments shall be effective as of the date set by the Board.
- C.** No amendment shall be introduced on the Financial Market's Memorandum of Association or its Articles of Association relevant to dealing in securities unless is approved by the Board.

Article (71)

- A.** The Financial Market shall charge the commissions, fees and any charges provided for in its by-laws and instructions issued for this purpose.
- B.** The Financial Market may impose fines in accordance with provisions of its by-laws and instructions.
- C.** Fines imposed in accordance with the provisions of Paragraph (B) of this Article shall devolve to the Financial Market.
- D.** Default in the payment of dues and fees by any member or Issuer of listed securities, shall be deemed a violation of the Financial Market by-laws and instructions. The Financial Market in this case may impose penalties on any of them including fines.



Article (72)

The Board may suspend the activities of the Financial Market for a period of no more than one week, or for a longer period subject to the Prime Minister's approval.

Article (73)

- A.** The decisions issued by the Financial Market relevant to dealing in securities appealable to the Board within fifteen days from the next day of the receipt of the notification of the Financial Market decision and the Board must decide on the appeal within fifteen days from the appeal filing date.
- B.** The decision issued by the Board of the appeal shall have the right to appeal before the Administrative Court within thirty days from the date of receiving the Board decision.

The Securities Depository Center

Article (74)

A Center known as the (Securities Depository Center) shall be established in the Kingdom. The Center shall be a non-profit public utility entity, and shall have a legal personality with administrative and financial autonomy. As such, it may acquire and dispose of movable and immovable property, and perform all legal acts to realize its objectives, including entering into contracts in its own name. The Center shall have the right to sue and be sued, and to appoint any attorney to represent it in legal proceedings.



Article (75)

- A.** The Center shall perform the following functions:
1. Registration, safekeeping, and transferring of ownership of securities.
 2. Depositing securities.
 3. Clearing and settlement of securities.
- B.** The Center shall be the sole entity in the Kingdom authorized to perform the functions stipulated in Paragraph (A) of this Article.

Article (76)

- A.** The Center shall be managed by a Board of Directors and a full-time chief executive officer. The general assembly, the formation of the Board of Directors, the method of convening meetings of the general assembly and of the Board of Directors and of adopting decisions therein, as well as the authorities and responsibilities of the general assembly, of the Board of Directors, of the executive manager, and of all administrative and financial matters related thereto, shall be regulated by the Center's by-laws and instructions issued for this purpose.
- B.** The chief executive officer of the Center shall be appointed by the Board of Directors subject to Board approval. The chief executive officer shall not engage in any other activity or be a partner, shareholder, or representative of any Licensed Person.
- C.** The chairman or deputy chairman of the Center's Board of Directors shall not be a partner, member of the Board of Directors



or of the executive board, nor an employee or representative of any Licensed Person.

- D.** No person shall serve both as a member of the Center's Board of Directors and a member of a Financial Market's Board of Directors.

Article (77)

The Board of Directors of the Center shall appoint a certified auditor to audit the Center's accounts.

Article (78)

The Center's organizational structure, areas of activity, membership conditions and requirements, and any fees it charges shall be specified in the by-laws and instructions issued by the Board.

Article (79)

- A.** Subject to the provisions of Article (5) of this Law, any Issuer shall register at the Center the securities issued thereby, in accordance with the instructions issued by the Center.
- B.** The certificates of ownership of securities deposited at the Center shall be cancelled according to the instructions issued by the Center.
- C.** Registration and transfer of ownership of securities traded on the Financial Market and the price settlements of such securities between Brokers shall be via book- entries in the Center's records.



- D.** The Center may accept electronic data from its members and from the Financial Market in accordance with its issued by-laws and instructions.
- E.** Unless otherwise proven, the entry records and the accounts maintained by the Center, whether in writing or electronically, as well as any document issued by the Center, shall constitute prima facie legal evidence of ownership, registration, transfer of ownership and settlement of the securities, at the price and on the date stated in those records, accounts or documents.
- F.** If a lien, or other restriction of ownership resulting from a court decision, is imposed on deposited securities, the Center shall place that restriction in its records on the date of receiving the court decision, unless the ownership of the respective deposited securities has been transferred prior to that date.
- G.** The respective rights and obligations of the seller of securities, of the purchaser thereof and of third parties thereto shall be established on the date of concluding the contract at the Financial Market.
- H.** The Center shall document the ownership of the sold securities and shall enter the transfer of their ownership in the Center's records, according to instructions issued thereby.
- I.** The settlement of the trading contracts of securities deposited in the Center shall be on the basis of Delivery-Versus-Payment.



Article (80)

- A.** Membership in the Center shall be mandatory for the following entities:
1. Public shareholding companies.
 2. Legal persons licensed as Financial Brokers or Dealers.
 3. Custodians.
 4. Any other entity determined by the Board.
- B.** The Center's employees authorized by the competent authority may, in respect of the Center's functions, inspect, and make copies of, the documents and records of any Center member, either with or without prior notice, provided any such inspection be conducted only during business hours.
- C.** A member of the Center shall sign a written commitment pursuant to which he agrees to comply with the Center's By-laws and instructions.
- D.** Failure to abide by the Center's by-laws and instructions or default in the payment of any dues and any financial obligation by any member shall be considered a breach of this law.

Article (81)

- A.** The by-laws and instructions of the Center, and any amendments thereto relevant to dealing in securities shall be submitted to the Board for approval prior to their being made effective, provided they include the following in particular:



1. The procedures for registration of securities, transfer of their ownership, and clearance and settlement of the trading contracts related thereto.
 2. Specification of the rights and obligations of the parties involved in the securities clearing, settlement and ownership transfer processes.
 3. The time of the vesting of rights of creditors of the parties to securities trades, including rights with respect to both the cash or cash equivalents and the securities involved, as a result of the process of sale, purchase or ownership transfer.
 4. Information, data, and records that are considered confidential and the persons authorized to have access thereto, by virtue of their job.
 5. Information, data and records that the Center must disclose and the information, data and records that are accessible to the public for viewing and copying.
 6. Standards of professional conduct applicable to the members of the Center, members of the Board of Directors, to the executive manager and the Center's employees.
- B.** The Board may request the Center's Board of Directors introduce amendments to its by-laws and instructions relevant to dealing in securities as it deems necessary for the protection of investors and the public interest, and within the period specified in the request. At the end of the specified period, the Board may introduce the amendments which it deems appropriate to any of the by-laws or



instructions. The amendments shall be effective as of the date set by the Board.

- C. The Board may review the decisions issued by the Center relevant to dealing in securities to ensure their consistency with the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto, and to make the appropriate decisions thereon.

Article (82)

- A. The Center shall charge the commissions, fees and other charges provided for in its by-laws.
- B. The Center may impose fines in accordance with provisions of its by-laws and instructions.
- C. Fines imposed in accordance with the provisions of Paragraph (B) of this Article shall devolve to the Center.

Article (83)

The Center may impose a lien on the securities owned by its members who fail to settle their obligations that relate to the Center's functions.

Article (84)

- A. Notwithstanding what is stated in any other legislation, if a Financial Broker, Dealer or Center member is subject to a bankruptcy, liquidation or sequestration order, the Center, before the commencement of the bankruptcy, liquidation, or sequestration proceedings pursuant to the legislation in force, and according to



instructions issued thereby, shall take all appropriate measures to fulfill the settlement of any pending trading contracts to which such member was a party before issuance of that order. Such trading contracts, after the settlement thereof, shall be considered valid against third parties.

- B.** Notwithstanding what is stated in Paragraph (A) of this Article, the Board by itself or at the request of a concerned party, and upon good cause shown, may amend or cancel in part or in whole, any of the trading contracts referred to in Paragraph (A) of this Article.

Article (85)

- A.** Any deficit in the revenues and expenditures account of the Center for any fiscal year shall be covered from the general reserves. If the general reserves are insufficient to cover the deficit, it shall be covered by equal payments from the Center members, these payments shall be credited for members against net future revenues.
- B.** Notwithstanding what is stated in Paragraph (A) of this Article, the Center's Board of Directors may, subject to Board approval, borrow the amounts needed to cover part or the entire deficit.
- C.** Upon termination of its legal personality whether by dissolution, liquidation or termination in any manner, the Center's property shall devolve to the Public Treasury.



Article (86)

The Center's funds and rights against others shall be deemed as domanial property, to be collected in accordance with the provisions of the Collection of Domanial Property Law in force.

Article (87)

The Board may suspend the activities of the Center for a period of no more than one week, or for a longer period subject to the Prime Minister's approval.

Settlement Guarantee Fund

Article (88)

- A.** A fund known as (The Settlement Guarantee Fund) shall be established at the Center, and shall have a legal personality with financial autonomy. The Fund shall be administered by the Center.
- B.** Membership in the Fund shall be mandatory for Financial Brokers, Dealers and any other entity specified in the Fund's by-laws.
- C.** In particular, the Fund shall have as its objectives the following:
 - 1.** Covering the cash deficit of Fund members in connection with their purchases of securities.
 - 2.** Covering the deficits in the securities account of Fund members in connection with sales of securities on the Financial Market.
- D.** Subject to Board approval, the Center's Board of Directors shall issue a by-law providing for the fund management, covering, inter



alia, the fund's subscription and membership fees and its member obligations, administration of assets, mode of operation, obligations towards members, and liquidation procedures.

- E.** The Fund shall be the legal and factual successor of the Financial Broker's Guarantee Fund, whereby all the latter's rights, obligations, assets, records and moneys shall devolve to the Fund.
- F.** The Fund shall be subject to the Commission's monitoring, supervision, inspection and audit of its records.

Mutual Funds and Investment Companies

Article (89)

- A.** The purpose of the Mutual Fund is to invest the money of the Fund in securities through a professional management on the basis of distributing investment risks. The Fund shall not carry out other activities that are inconsistent with the activities of investing in securities.
- B.** The capital of the Mutual Fund shall be composed of the total nominal values of the Fund's investment units and in accordance with its specified Articles of Association and prospectus, the Fund's capital may be organized on the basis of a variable capital (open-end) or on the basis of a fixed capital (closed-end).

Article (90)

- A.** The Mutual Fund's capital shall be divided into investment units with equal entitlements. Owners of such investment units shall be liable in the amount of their shares in the Fund's capital.



- B.** The investment units shall be in cash and payments for the subscribed in units shall be in one installment upon subscription.
- C.** The Mutual Fund shall not sell its investment units prior to registering it with the Commission in condition it fulfills the terms and requirements stated in instructions issued for this purpose.

Article (91)

- A.** It shall be prohibited for any person to pool money from others for the purpose of investing in securities as one unit and the investment management of such money, unless through an organized Mutual Fund licensed with the Commission or a Mutual Investment Company licensed as such in accordance with the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto.
- B.** The following shall be exempted from the provisions of Paragraph (A) of this Article:
 - 1.** Licensed banks with respect to their banking activities in accordance with legislations in force.
 - 2.** Licensed insurance companies with respect to their insurance activities, in accordance with legislations in force.

Article (92)

- A.** Mutual Funds may be established by licensed companies to undertake the activities of Investment Management.
- B.** The term of the applicant to establish a Mutual Fund is as follows:



1. To have obtained a license from the Board to undertake the activity of an Investment Manager for a period of no less than two years.
 2. To submit final audited financial statements for each year of the two years preceding submitting the establishment application within the specified period stated in Subparagraph (1).
- C. The Investment Manager shall be the manager of the Mutual Fund.
- D. The Board may exempt the applicant to establish a Mutual Fund from the duration term stated in Subparagraph (1) from Paragraph (B) of this Article, if the applicant is a licensed bank or a financial services company subsidiary to the bank.

Article (93)

- A. Every registered Mutual Fund at the Commission shall have a legal personality and an independent financial entity separate from that of the bank or the company that established it and of the investment unit holders.
- B. The Mutual Fund Manager shall represent the Fund on behalf of others, in court and in signature.

Article (94)

- A. If so stipulated by its Articles of Association, a Closed-end Fund may transform into an Open-end Fund, subject to making the required adjustments according to the provisions of this Law and the regulations, instructions, and decisions issued pursuant thereto.



B. An Open-end Fund shall not cease to issue investment units or redeem them in dates specified in its Articles of Association unless approved by the Board.

Article (95)

A. An Open-end Fund shall have the authority to issue and to redeem its investment units. The Fund's investment units shall not be transferable except through inheritance or succession.

B. The price at which an Open-end Fund issues or redeems its investment units shall be based on the net asset value of the Open-end Fund, in accordance with the principles prescribed in the instructions issued by the Board for this purpose.

Article (96)

The Investment Manager or the Investment Trustee or the Certified Auditor of a Mutual Fund, or the Subsidiary or Affiliate or Owned Companies thereof shall not have any direct or indirect beneficial investment interest in the Fund.

Article (97)

A. The Board may approve to organize any other form of Mutual Funds in securities.

B. Matters relevant to organizing any Mutual Funds including its establishment, its registration requirements with the Commission, its capital, its prospectus data, its Articles of Association, its conditions to offer, issue and subscribe in investment units, the



rights of its issued investment units, its trading and redemption procedures, its charged fees and commissions, its bases to invest his funds, to appoint officials, to administer its businesses, its service providers, removal of any of them, reasons for termination, merging Funds, liquidation procedures and matters related to its business according to a regulation issued for this purpose.

Article (98)

- A.** Any Mutual Investment Company shall not be registered with the General Companies Controller without having the Commission's initial and prior to written approval.
- B.** The Mutual Investment Company shall not make any amendment to its establishment contract or Articles of Association without having the Commission's prior to written approval.
- C.** Payments for the shares of the Mutual Investment Company shall be in cash in one installment upon subscription in shares.

Article (99)

The Investment Manager or the Investment Trustee or the Certified Auditor of a Mutual Investment Company or Subsidiary or Affiliate or Owned Companies thereof or members of the Board of Directors or the General Manager or any employee, shall not have any direct or indirect beneficial investment interest in any Mutual Investment Company.

Article (100)



The issuance, redemption or trading procedures for the shares of a Mutual Investment Company, its capital, its methods of coverage and data that must be available in its establishment contract, its Articles of Association and its prospectus, and how to manage it and administer its investments and the required conditions in its Board of Directors administration and its General Manager and the appointment of an Investment Manager, Investment Trustee and service providers, the removal of any one of them and matters relevant to organizing its businesses shall be specified according to instructions issued by the Board for this purpose.

Article (101)

The principles and criteria for diversification of the investments of Mutual Funds and a Mutual Investment Company and the acceptable types of dealings therein shall be specified in instructions issued by the Board for this purpose.

Article (102)

A Certified Auditor shall be contracted with and his duties shall be specified to audit the accounts of a Mutual Fund and of a Mutual Investment Company.

Article (103)

The Investment Trustee shall assess and follow up the investments of the Mutual Fund and of the Mutual Investment Company so as to ensure their conformity with the investment policy stated in its Articles of Association and in the provisions of this Law and the regulations, instructions and



decisions issued pursuant thereto and shall notify the Commission of any violations concerning this.

Article (104)

The Investment Manager and the Investment Trustee shall be held liable for any mistake or failing to exercise due care or as a result of negligence in their duties and shall bear legal consequences for damages affecting the holders of investment units or shares.

Violations and Penalties

Article (105)

The following shall be regarded as a violation of the provisions of this Law:

- A.** Submitting false or misleading data in any document filed with the Commission.
- B.** Offering or selling securities on the basis of false or misleading data regarding:
 - 1.** The rights and privileges conferred by the security being offered or sold.
 - 2.** The nature of the Issuer's business, the success thereof, the Issuer's financial conditions or future prospects.
- C.** Certifying by an auditor of false or misleading financial statements or statements which are in violation of adopted accounting and auditing standards. In such a case, the auditor shall be liable for



damages to any party suffering financial loss as a result of such false or misleading financial statements.

- D.** Any Deception or Misrepresentation relating to securities or any Prohibited Act relating to the licensed activities in accordance with the provisions of this Law.
- E.** Trading in securities or influencing others to trade in such securities on the basis of Inside Information.
- F.** Using inside or confidential information to attain material or moral gains whether for his own benefit or for the benefit of others, including members of the Board of Directors and employees of the Financial Market and the Center.
- G.** Disclosing Inside Information to other than the competent authorities or the Courts.

Article (106)

It shall be prohibited for any person to:

- A.** Disseminate and promote rumors or to provide false or misleading information, data or statements which may affect the price of any security or the reputation of any Issuer.
- B.** Solely or in collusion with others, effect any transaction in securities with the intention of creating a false impression of the price or volume of trades of a security or any related security.

Article (107)

- A.** Any person who violates the provisions of this Law or the regulations, instructions or decisions issued pursuant thereto shall



be subject to a fine of not more than one hundred thousand (100,000) Jordanian Dinars, in addition to a fine of not less than twice the amount, and not more than five times the amount, of profit made or loss avoided by the person committing the violation.

B. Without prejudice to any stricter penalties imposed by any other legislation, and in addition to the fines specified in Paragraph (A) of this Article, any person violating the provisions of the Articles mentioned hereunder shall be subject to the following penalties:

1. Imprisonment of up to three years for violations of the provisions of Paragraph (C) of Article (63), Paragraphs (E) and (F) of Article (105), and Article (106) of this Law.
2. Imprisonment of up to one year for violations of the provisions of Subparagraph (1) of Paragraph (A) of Article (34), Paragraph (D) of Article (42), and Paragraphs (A) and (B) of Article (47) of this Law.

C. The Competent Court may exempt from the imprisonment penalty first offenders and offenders who deposit in Court or with the Commission sufficient funds to pay the amount of the fines which may be ordered by the Court, provided the funds are paid before the Court decision becomes final.

D. Accomplices, aiders and abettors shall be subject to the same penalties.

E. If the offender is a legal person, then members of its Board of Directors or board of executives, general partners and concerned employees shall not be deemed liable for the violation, unless it is established that they had knowledge of the violation.



- F.** A person who is convicted of a violation, whether the violation is intentional or as a result of negligence, or of failing to exercise due care, shall be held liable for the damages incurred by other persons in the amount of loss incurred or profits foregone.
- G.** The Competent Court may sequester the assets of a person who stands trial before the Court to ensure that sufficient funds are available for possible future fines or restitution the Court may order, and may appoint a judicial custodian over such assets.

Article (108)

- A.** Any investor who incurs financial loss as a result of the sale of securities may claim remedies for damages from the seller or the Issuer, as the case may be, provided he establishes that:
- 1.** The sale was carried out in a manner that violates the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto.
 - 2.** That he has incurred a financial loss as a result of the sale of such securities.
- B.** Any investor who incurs a financial loss because of incorrect, inaccurate or inadequate disclosure in a prospectus, or its attachments, or in any reports filed with the Commission in accordance with the provisions of this Law may claim restitution from any person who signed any such documents, provided he establishes that:



1. The prospectus, its attachments, or the reports omit facts material and necessary to an investor in the decision to sell, buy, or continue to hold the securities.
 2. The prospectus, its attachments, or the reports set forth false or misleading data to an investor in the decision to sell, buy or continue to hold securities.
- C. A person incurring damages shall institute the action for restitution before the Competent Court no later than two years following:
1. The date of the sale, where the damages have resulted from sale of a security.
 2. The effective date of the prospectus or the date of filing the report or the date at which it should have been filed, as the case may be.

Article (109)

The Board may restrict, suspend or revoke the license or registration granted in accordance with the provisions of this Law in any of the following cases:

- A. If the Licensed or Registered Person violates any of the provisions of this Law or the regulations, instructions or decisions issued pursuant thereto.
- B. If the Commission finds that such a person has committed fraud or deceit.
- C. If the Licensed or Registered Person is convicted by the Competent Court of fraud or deceit in connection with any transaction in securities.



Article (110)

- A.** Civil and criminal securities cases shall be handled by the Competent Courts expeditiously, including the enforcement of court decisions.
- B.** Notification procedures in court cases involving securities shall be carried out pursuant to the Civil Proceedings Law. However, notification of persons whose place of residence or business is outside the Kingdom, shall be either at the address of choice thereof within the Kingdom, if any, or by advertising the notification in at least one local daily newspaper, and sending a copy of the notice voucher or announcement by registered courier or first class mail to the address outside the Kingdom, filed at the Commission. In the latter case, the notification date shall be the seventh day from the date of depositing the notification voucher with the mail.
- C.** Notwithstanding the provisions of any other legislation, all means of proof shall be admitted as evidence in securities cases, including electronic or computer data, telephone recordings, and telex and facsimile messages.

General and Interim Provisions

Article (111)

- A.** Notwithstanding the provisions of the Companies Law, the Commission shall assume the regulatory and supervisory responsibilities and duties provided for in the Companies Law



relevant to public shareholding companies and private shareholding companies trading their shares on the Financial Market. For this purpose, the Board shall assume the authorities of the minister and the Chairman shall assume the authorities of the controller provided for in this Law.

- B.** All affairs relevant to the Commission's assuming its regulatory and supervisory responsibilities and duties provided for in Paragraph (A) of this Article shall be specified by a regulation it issues for this purpose.

Article (112)

Securities shall enjoy, in accordance with the provisions of this Law, the following privileges:

- A.** The finality and conclusiveness of securities trades in Financial Markets.
- B.** Ownership rights and due prices in accordance with the Center's accounts.
- C.** Irrevocability of the final settlement of trading contracts on the Financial Market.

Article (113)

The Government ownership percentage in the Amman Stock Exchange Company shall not be at any time less than (51%) of the Company's capital.



Article (114)

- A.** If the Board of Directors of the Financial Market or that of the Center resigns, or in case the quorum thereof is not met, or for any other reason pertaining to public or capital market interest, the Board may form a temporary management committee of experience and competence.
- B.** The term of the committee referred to in Paragraph (A) shall be six months, renewable once. This committee shall be responsible for managing the Financial Market or the Center, calling upon invitations for its general assembly within that period to elect a new Board of Directors, in accordance with the by-laws of the Financial Market or the Center.

Article (115)

- A.** The Commission may establish provident and housing funds for its employees and personnel, which funds shall be regulated by regulations issued for this purpose.
- B.** The Financial Market and the Center may establish provident and housing funds for their employees and personnel, which funds shall be regulated pursuant to the Financial Market and Center's by-laws.
- C.** The funds referred to in Paragraphs (A) and (B) of this Article shall have a legal personality.



Article (116)

Notwithstanding the provisions of the Stamp Duties Law in force, prospectuses of securities, registration thereof, trading therein and any transactions related thereto shall be exempt from stamp duties.

Article (117)

- A.** The Temporary Securities Law No. (23) for the Year 1997 and its amendments shall be repealed.
- B.** Any provision stated in any other legislation, to the extent it is in conflict with the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto, hereby is repealed.
- C.** All regulations, instructions and decisions issued pursuant to the Temporary Securities Law No. (23) for the Year 1997 shall remain in force until they are repealed or replaced by others.
- D.** All by-laws and instructions issued by the Amman Stock Exchange and the Center shall remain in force until they are repealed or replaced by others.

Article (118)

- A.** The Council of Ministers, upon the recommendation of the Board, shall issue the necessary regulations to implement the provisions of this Law, including the administrative and financial affairs, supplies and works affairs, and the affairs of the employees and personnel of the Commission, including the creation of incentives to assist them in directing their efforts towards achieving the



objectives of the Commission and enhancing professional standards.

B. The Board shall issue the instructions and decisions necessary to implement the provisions of this Law.

Article (119)

The Prime Minister and the Ministers shall be responsible for executing the provisions of this Law.