Membership By-Law of the Amman Stock Exchange Company for the Year 2018

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the Amman Stock Exchange Company for the Year 2018 [1]

Issued by virtue of the provisions of Article (67) of the Securities Law No. (18) of 2017 and the provisions of Article (8) of the articles of association of the Amman Stock Exchange public shareholding company as adopted by the decision of the Board of Commissioners of the Jordan Securities Commission No. (226) dated 5/7/2018, and is amended by the Board of Commissioners' Decision No. (289) dated 27/11/2019 and No. (45/2020) dated 19/2/2020

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Article 1

This By-law shall be called the **"Membership By-law of Amman Stock Exchange Company for the year 2018**". It shall come into force as of the date 1/9/2018.

Definitions and General provisions

Article 2

The following words and expressions shall have the following meanings assigned as below, unless the context indicates otherwise:

Law Securities applicable The.	Law The:
Commission Securities Jordan The.	Commission:
company Exchange Stock Amman The.	Exchange:
Exchange the of Directors of Board The.	Directors of Board:
Exchange the of officer executive Chief.	CEO:
the in engage to Commission the by licensed person juristic A. dealing or brokerage financial of business	Broker:
membership Exchange the joined that broker The.	Member:
Chief the or Directors of Board the of members and Employees. member the of Officers Executive	with associated Persons: member the
Exchange the at securities selling and buying of Transactions.	Trading:
enter to member the to Exchange the by provided station Trading .System trading Electronic the to orders selling and buying	Trading s'Exchange The : [2] Station
the in engage to Commission the by authorized person natural A. brokerage financial of business	Broker Certified:

the ,Directors of Board the of member a is who person natural A a of employee an or manager a ,director a ,executives of Board similar a occupying person any or ,company services financial ,broker financial a at functions similar performing or status Financial ,Manager Investment ,Trustee Investment ,Dealer term the ,company services financial or Underwriter ,Advisor ,clerical solely are functions whose person any include not does business any of conduct the to unrelated or services supporting securities in	Certified:
the authorizing Broker the to client the by submitted request A Exchange the at security any sell or buy to broker	Authorization:
securities managing of business the in engaged person legal Any of management the including ,others of account the for portfolios Funds Mutual	Manager Investment:
the in engage to Commission the by licensed person juristic Any securities of custody safe providing of business	Custodian:

B- Not defined words and terms which are in this By-law shall have the meanings assigned to them in the Law, and the legislations issued thereunder unless the context indicates otherwise.

Part One: Membership conditions and procedures at the Exchange

Article 3

The membership of the Exchange shall consist of Financial Brokers, Dealers and any other entities designated by the Board of Directors.

Article 4

A. The following conditions must be fulfilled for a broker that wishes to become a member at the Exchange [3]:

1. The broker must have a valid license from the Commission.

2. The broker's management and staff must have the necessary academic qualifications, knowledge and expertise to engage in the activities.

3. The broker shall appoint a full-time general manager, and he may engage in the business of financial brokerage if he has obtained the necessary approval from the Commission, noting that condition stated in the fifth item of this paragraph is not violated.

4. The broker shall appoint a full-time financial manager, and he may engage in accounting work in case that a full-time accountant is not appointed .

5. The broker must have at least two certified brokers; the certified broker shall pass the assigned test by the Exchange.

6. The broker shall name one of its employees as a liaison officer to communicate with the Exchange, and could name a compliance officer as a liaison officer to communicate with the Exchange.

7. The broker must have the needed IT infrastructure and equipment to ensure that they carry out all the activities in a correct, suitable and without interruption according to the criteria set by the Exchange.

8. The broker must have a headquarter to carry out its works, in accordance with the conditions set by the Exchange.

9. Any other conditions set by the Exchange related to the membership.

B.The conditions referred to in Paragraph (A) of this Article are continuous conditions that must be

met throughout the membership term at the Exchange.

Article 5

A. A broker that wishes to become a member in the Exchange must submit a written/soft application upon the form that the Exchange has approved for this purpose, , and that contains the following information and documents:

1. Broker's name and its business address. (if any)

2. Incorporation Certification and the right to start the business.

3. The Broker's Articles and Memorandum of Association.

4. Copy of the license granted by the Commission to the broker.

5. Names of the Board of Directors or of the Chief Executive Officers of the broker and names of the senior management and their shares in the broker's capital.

6. Names of persons who own 5% or more of the broker's capital.

7. Issuers that the broker or any of its board members or executive officers or managers or its registered persons who own 5% or more of the securities issued by them.

8. Names of the registered persons working for it.

9. The broker's head quarter address and its branches in addition to its contact information.

10. Name and address of the broker's auditor.

11. All licenses granted to the broker by the Commission.

12. The last annual financial report audited by the broker's auditor, if any.

13. All the written procedures regarding to the broker works.

14. A pledge of commitment to respect the provisions of the legislation issued by the Exchange.

15. An admission of broker's approval on the Exchange 's provision of information related to the broker to any official competent party that would request such information.

16. An admission that all information included in the application form are accurate, valid and complete.

B. The Exchange may ask for any additional information from the broker, which it may deem necessary for its decision to grant membership.

Article 6

A. The Exchange shall study the membership application and ensure that it meets the necessary conditions, data and information.

B. The Board of Directors shall take its decision to approve or to reject the membership within two months from the date of filing the application form with all the necessary information, statements and documentation, and the applicant shall be informed with this decision conditional on the completion of the procedures for its affiliation.

C. If the Board of Directors decided to reject the application for membership, the rejection shall be justified and the Exchange is required to inform the applicant about the rejection reasons.

D. The Board of Directors shall delegate the CEO to set a date for the member to start participating under the condition of signing the membership agreement with the Exchange and paying the determined fees.

Article 7

The Board of Directors may revoke the membership of the broker if it found that it had provided misleading or incorrect information in the membership application form.

Part Two: Practicing the Member in its Works

Article 8

A. A member is authorized to trade securities through the Exchange and to use its facilities and systems in accordance with the legislation issued by the Exchange in this respect.

B. A member shall complete the affiliation procedures within three months of notifying it with the approval decision from the Board of Directors on membership; otherwise, the Board of Directors shall have the right to terminate its membership.

C. A member shall start to practice its business within three months of the approval from the CEO to practice its business; otherwise, the Board of Directors shall have the right to terminate its membership.

D. The CEO may extend the period specified in paragraph (B,C) of this Article in such cases, which deemed necessary.

Article 9

A. Trading with securities at the Exchange, shall be carried out only through trading contracts between brokers for their own account or for the account of their clients, and such contracts shall be recorded in the Exchange registers in accordance with the Exchange By-laws and instructions, which shall be binding upon all parties concerned with trading, It will be prohibited to agree on a price that violates what is stipulated in the contract.

B. Any trading outside the Exchange shall be void except where is permitted by laws, regulations and instructions in force.

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

Part Three: Commitments of Members and Actions that are Prohibited from Engaging in

Article 10

A. Only the certified brokers can use the trading screens of the Exchange to enter buy and sell orders into the electronic trading system (ETS).

B. The number of trading screens for the broker shall not exceed the number of certified brokers, as well as the trading screens must not be less than two screens

Article 11

A. Each member shall organize its work in a responsible manner, and shall provide sufficient human, technical and financial resources to conduct its business, in accordance with issued legislations by the Exchange, and set out in writing the work procedures that are in the line with its works, as well as written procedures which ensure suitable internal control environment.

B. The member shall, in developing the procedures mentioned in paragraph (A) of this article, ensure the persons associated with its act in accordance with the powers entrusted to each of them, and the operations executed for the sake of persons associated with the member and their relatives are transacted with its knowledge

C. Each member shall prepare and keep its financial records and papers in accordance with the accepted accounting standards.

Article 12

A. the member shall conclude an agreement to trade securities with its client in order to set the rights and obligations of both parties, such agreement shall include any information or conditions that are required by legislations in force indicating at least the following:

1. The name and address of the member and the client.

2. A statement of the services to be rendered by the member to its client.

3. A statement of the commissions to be received by the member in return for its services, or a reference to a separate document which indicates such information, on the condition that said commissions are within the authorized parameters.

4. Types of authorizations which the member can execute the client's orders upon.

B. the member has no right under any agreement to restrict its responsibilities imposed by virtue of the legislation in force, or obtain a release of such responsibilities.

Article 13

A. The member shall be prohibited from executing any transaction if it or the persons associated with it and /or representatives of legal persons in its Board of Directors has /have any relation to the transaction which might lead to a conflict of interests, unless it takes the appropriate actions to safeguard the client's interest and affords him / her a fair treatment.

B. If the member or the persons associated with it and /or representatives of legal persons in its Board of Directors is a party in the transaction executed in favor of the client, then the member must inform its client accordingly.

Article 14

The member shall commit to the following:

A. Not dispose of its clients' accounts, nor trade in their securities unless in compliance with the provisions of the legislation issued by the Exchange in addition to the provisions of the written agreement concluded therewith.

B. Use the client's funds to execute transactions to the account of the same client; such funds cannot be used to execute transactions to its account or to the account of other parties.

C. Not use securities deposited with it as safe-custody, or securities held in the name of clients, to achieve a private interest.

D. Not move its clients' portfolios in order to obtain trading commissions only.

E. Not make any transactions that run counter to the correct practices of the Exchange or which are incompatible with the principles of a fair and transparent market, or incompatible with provisions of legislations issued by the Exchange.

Article 15

The member shall undertake to the settlement of the proper transactions that have been executed by it in accordance with the legislations in force**.**

Article 16

The licensed member to act as investment manager is committed to:

A. Trade to the account of his client in conformity with the Investment management agreement signed by them and stipulates the investment policy of the client

B. Send a statement to the client showing all executed transactions on the client's account, the account balance of securities at least once per month unless the agreement stipulates a shorter period.

Article 17

A. The member shall be prohibited to execute any transaction on a certain security for its own benefit or for the benefit of clients whom it manages their investments, in case the member has already attempted a financial consultancy related to the same security. This shall apply until the financial consultancy is published to the public excluding if the financial consultancy is meant for the member's own purposes and will not be published to the public.

B. The member shall ensure confidentiality of information contained in the financial consultancy set

for publication and that such information will not be disclosed to any of the non-concerned employees before its publication.

C. Unless one business day passes after publishing a financial consultancy related to a certain security, the member cannot execute any transaction related to that security whether to its own account or to the account of the clients whose investments are managed by it.

Article 18

A. A member must undertake to the provisions of the legislations issued by the Exchange, in particular a member must commit to the following:

1. Keeping those records and documents stipulated for in the applicable legislations, including those records and documents related to dealings executed by the member in the Exchange's records.

2. Enabling the Exchange or its representative to carry out the inspection at the member's workplace and in any place dedicated to its work, and shall provide the necessary information and documents for conducting the necessary investigations.

3. Paying all fees, commissions and charges that a member incurs within the timelines indicated in the applicable legislations.

4. No commission(s) shall be exceeding the limitations set by applicable legislations.

5. The minimum trading commission shall be collected by the virtue of the legislation in force due to executing selling securities transactions required upon a court sentence or upon request by relevant official parties.

6. Not to reveal any confidential client information, and to obtain a written pledge from its information systems providers, to ensure the confidentiality of information viewed by those providers [4].

7. Not to harm the reputation and degrading the Exchange or any other member.

8. Not to receive or offer any gifts or donations, such gifts or donations might influence the giver's or receiver's obligations and this prohibition shall be applied to persons associated with the member.

9. Inform the Exchange of any breach of the provisions of applicable legislations immediately upon obtaining knowledge of them.

B. The member shall be responsible for any breach from the persons associated with it of the provisions of the legislations issued by the Exchange.

Article 19

A. The member shall provide the Exchange with all information, documentation and reports as requested by it, within the determined timelines.

B. The Exchange shall verify the validity of information submitted to it by the member in the manner it deems appropriate.

Part Four: The Data that the Member must Provide the Exchange with

Article 20

A. The member must provide the Exchange with the following periodic reports:

1. An annual report indicating the member's financial data, audited by the member's auditor within ninety days after the end of its fiscal year.

2. A semi-annual report with the members' financial data, reviewed by the member's auditor within thirty days after the end of its semiannual fiscal year.

B. The member must inform the Exchange as soon as any of the following occurs:

1. Any change in the data of the membership's application form that have been referred to it in Articles (4,5) of this By-law.

2. Any events, circumstances or changes that would affect the legal form or organization of the member or its trading activities at the Exchange, including events related to the merger, restructuring, change of name, change of management or other matters that the member is included in.

3. The appearance of any signs of Stumbled or liquidation of businesses or any similar activity, including cases of friendly settlement to which the member is subject or is included in.

4. Appointment or termination of any member's employees who are involved in the activity related to the securities.

5. Election of members of the Board of Directors or the election of Chief Executive Officers and any change that occurs in the composition thereof.

6. Any decisions related to the increase or decrease of its capital.

7. Any decisions related to its liquidation, bankruptcy or assignment of guardian thereon.

8. Any lawsuit brought against it, whether in relation to its dealing with securities or having a material impact on its financial position, and it must provide the Exchange with the relevant decisions in such lawsuits.

9. Any event or incident that has a material effect on its financial position.

Part Five: Suspending of the Member and Revoking its Membership in the Exchange

Article 21

A. Trading of the member shall be suspended when the Exchange is informed by any of the following cases:

1. Upon the request of the Commission.

2. Suspension of the brokerage license granted to the member.

3. Upon a justified written request by the member.

B. The member shall be suspended from trading by a decision of the Board of Directors if the time limit granted to the member by the CEO ended to accommodate its status, in cases where it breaches any of the membership conditions.

Article 22

A. The membership of the broker shall be revoked in the following cases:

1- When the Exchange is informed of the court's decision to refer the company to compulsory liquidation.

2- When the Exchange is informed of the voluntary liquidation resolution passed by the company's extraordinary general assembly.

3- Cancellation of the license granted by the Commission to the member to practice the brokerage work

B. The membership of the broker shall be revoked by a decision of the Board of Directors In necessary cases, including violation of membership conditions.

Article 23

A. The Brokerage firm which the Exchange revoked its membership, may submit a new application to become a member at the Exchange, after the reasons of membership revoke have been removed and fulfillment of all the conditions and requirements of this by- law.

B**.** The brokerage company mentioned in paragraph (A) of this Article is exempted from paying the

membership fee when it is granted the membership.

Part Six: Final Provisions

Article 24

Members shall be granted one year to accommodate their status from the date the provisions of this By-law enter into force, however; at the end of this period, the board of directors shall have the right to extend status accommodation period for times as it deems appropriate [5].

Article 25

If it becomes known to the Exchange that a member suffers from financial and administrative difficulties and that its continuation to practice shall undermine the interests of investors, creditors, other members or the Exchange, the Exchange shall notify the Commission**.**

Article 26

The Exchange shall not be liable for any damage or losses affecting any of its members, their clients or persons associated with them, as a result of trading in or use of any of the facilities or services supplied by the Exchange.

Article 27

The Exchange shall impose penalties against those breaching these directives including cancelation of transactions that violate legislation in force.

Article 28

Broker will be committed to decisions issued by the Exchange and the Commission as needed to the effect of implementing the provisions herein.

Article 29

The Board of Directors shall handle any case not stipulated in this By-law and shall take the necessary decisions in respect thereof.

Article 30

The CEO shall take all the necessary decisions and actions to implement the provisions of this By-law, unless it is stipulated otherwise.

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[1] This By -law is issued in Arabic and translated into English. In the event of any discrepancy between the two languages, the Arabic version shall prevail, for the purpose of interpretation and implementation.

[2] The definition was added by virtue of Board of commissioners No.45/2020 dated 19/2/2020.

[3] This paragraph has been amended by virtue of Board of commissioners No.45/2020 dated 19/2/2020 instead of

"1. The broker must have a valid license from the Commission.

2. The broker's management and staff must have the necessary academic qualifications, knowledge and expertise to engage in the activities.

3. The broker shall appoint a full-time general manager, financial manager and liaison officer to communicate with the Exchange.

4. The broker must have the needed IT infrastructure and equipment to ensure that they carry out all the activities in a correct, suitable and without interruption according to the criteria set by the Exchange.

5. The broker must have at least two certified brokers working for it, the certified broker shall pass the assigned test by the Exchange.

6. The broker must have a headquarter to carry out its works, in accordance with the conditions set by the Exchange.

7. Any other conditions set by the Exchange related to the membership."

[4] This paragraph has been amended by virtue of Board of commissioners No.45/2020 dated 19/2/2020 instead of " Not to reveal any confidential client information"

[5] This paragraph has been amended by virtue of Board of commissioners No.289/2019 dated 27/11/2019 instead of " Members shall be granted one year to accommodate their status from the date the provisions of this By-law enter into force "