# Instructions for investigation, inspection and auditing

**Instructions for investigation, inspection and auditing at the Amman Stock Exchange for the year 2018**

**Issued by virtue of the provisions of Article (65) of the Securities Law No. 18 of 2017 and the provisions of Article (8) of the article of association of the Amman Stock Exchange company as adopted by the decision of the Board of Commissioners of the Jordan Securities Commission No. 227 dated on 5/7/2018.**

## Article 1

These Directives shall be called "Instructions for Investigation, Inspection and Auditing at the Amman Stock Exchange Company for the year 2018" and they shall come into force as of 1/9/2018.

## Article 2

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

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|---|---|
| **Law:** | The securities Law |
| **The Commission:** | The Jordan Securities Commission (JSC). |
| **The Stock Exchange:** | The Amman Stock Exchange Company (ASE). |
| **Board of Directors:** | The Board of Directors of the ASE. |
| **The Chief Executive Officer:** | The Chief Executive Officer (CEO) of the ASE |
| **Subjected Entities:** | The Member and its associated persons and the issuers of securities. |
| **Member:** | The broker joining the ASE as a member or any other entity as decided by the Board of Directors. |
| **Related Persons:** | Members of the Board of Directors of the member or its managers as the case and its staff. |
| **Issuers of securities:** | A legal person that issues securities listed on the ASE. |
| **Committee:** | The investigation committee formed in accordance with the provisions of these instructions. |

B. Words and phrases not defined under these Instructions shall have the meanings given thereto under the Securities Law and the legislation issued by the ASE unless the context indicates otherwise.

## Article 3

The provisions of these instructions shall apply to the subjected entities; the ASE shall investigate, inspect and audit them to ensure compliance with the provisions of the legislation issued by the ASE.

## Article 4

A. The ASE shall inspect the subjected entities, including access to all Records, Documents, Data,

Papers, Correspondence, Contracts and Decisions issued by it, customer's account statements, bank accounts of the subjected entities, and obtaining copies thereof or keeping their origins in return of signing the receipt.

B. The ASE shall verify from the subjected entities about any information, conditions or practices it deems necessary and appropriate to execute the provisions of its legislation.

C. The ASE shall, in order to conduct an investigation and inspection, audit the documents, restrictions and records belonging to any of the subjected entities.

D. The subjected entities are obliged to provide the ASE with the required information and data during the period specified.

E. The ASE shall inquire, in an appropriate manner, from the related parties concerned with the subjected entities, as its external auditor, legal counsel and others to answer queries from the ASE related to the investigation, inspection and auditing.

## Article 5

A. The ASE shall inspect and audit the subjected entities, under a formal letter with or without prior notice, during the official working hours.

B. The inspection and audit team consists of at least two staff members of the ASE designated by the CEO.

C. The subjected entities shall facilitate the task of the staff of the ASE concerned when carrying out the inspection, auditing and provide them with the information they require.

## Article 6

A. The ASE can be assisted by any external party which has experience and competence in the investigation, inspection and auditing of any of the subjected entities, and the ASE can charge the entities according to the resulting costs.

B. The ASE shall have the right to investigate, inspect and audit the entities jointly with the JSC or the public or private entities within the Kingdom of Jordan if necessary.

## Article 7

If it is found during the inspection and auditing of any subjected entities any violation of the provisions of legislation issued by the ASE, the ASE shall notify the entities in writing about that, and give it a chance to hear their statements and/or to submit a written reply regarding violations attributed to them instead of hearing their statements during the period determined by the ASE.

## Article 8

A. The CEO may set up a committee to investigate the irregularities attributed to the subjected entities, of at least three members, including a chairman to it.

B. The Committee referred to in Paragraph (A) of this Article must be composed of the competent staff of the ASE and any expert person or party that the CEO deems necessary to use them to accomplish the work of the Committee.

C. The Committee shall invite any member of the Board of Directors or the Board of Directors of the subjected entities, according to the case, or any of its employees, consultants or auditors, or any person it deems appropriate to hear their statements concerning violations attributed to the subjected entities.

D. Statements of any person is made to the Committee will be documented and the person who had been hearing his statements will sign the minutes of the meeting includes the questions and his replies to the Committee and the committee shall replace the codification of the written records using electronic and recording devices for the purpose of documenting the minutes of the investigation.

## Article 9

A. The investigation procedures start by a written notification or a recorded phone call recorded or any other means of communication seems appropriate, for the person who called to hear its testimony, paying attention that the notification contains a brief summary of the reason for the investigation.

B. the followings would be considered as a violation of the provisions of these instructions:

1. Non-response of any subjected entities to the demands of the ASE to submit the necessary documents or summons or attend to give the testimony.
2. Non-response of any person/individual to the demands of the ASE to submit the necessary documents or summons or attend to give the testimony.

C. The committee during the course of the investigation procedures shall require the subjected entities to take or not take certain actions during the period specified or cease the exercise of certain activities.

## Article 10

A. The Committee shall meet in the presence of all members, and issued decisions by the majority in case of equal votes; the President shall have the casting vote while the dissenting member proves its opinion in the minutes of the meeting of the Committee.

B. The Committee shall submit its report to the CEO, including the actions taken, the information and documents collected and its recommendations, and the CEO shall make the appropriate decision.

## Article 11

The acts set forth below shall be considered as violations so the penalties shall be imposed in accordance with these instructions:

A. Violation of any of the subjected entities for the provisions of the legislation issued by the ASE.

B. The subjected entities shall provide the ASE with the incorrect or misleading data, information or documents.

## Article 12

A. The parties violating the provisions of these instructions shall be liable to one or more of the following penalties:

1. Warning
2. Notification
3. Financial penalty
4. Suspend the listed securities from trading
5. Transfer of shares listed at the ASE from market to less market.
6. Transfer trading of shares listed at the ASE to over the counter market
7. Suspend the member from work
8. Delist the shares from the ASE
9. Cancel the membership in the ASE.

B. The penalties set out in Paragraph (A) of this Article shall be considered proportionate with the gravity of the offense committed.

C. The Board of Directors shall issue the executive bases for the imposition of fines and their ceilings.

## Article 13

A. The decision to impose any of the penalties referred to in Paragraph (A) of Article (12) shall be informed to the subjected entity on the next working day to take the decision, provided that the decision includes the following:

1. Acts or practices which have proved that the subjected entity had carried out or refused to do.
2. The statement of the provisions of the legislation issued by the ASE, which the subjected entity has violated
3. Punishment imposed

B. The ASE shall inform the Commission of any penalty taken against any of the subjected entity to the ASE.

## Article 14

A. The CEO shall take the penalties set out below and notify the Board accordingly:

1. Disciplinary sanctions referred to in Items 1, 2, 4, 5, 6, 7, 8 of Article 12/A of these Instructions.
2. A financial penalty shall not exceed five thousand Dinars.

B. Except as stated in Paragraph (A) of this Article, the Board of Directors take the sanctions referred to in Article (12) of these Directives, the CEO shall submit a report to the Board of Directors which includes the facts and violations attributed to the subjected entities to take the appropriate decision.

## Article 15

The CEO or the Board of Directors may, as the case may be, request the offender person to remove the violation, rectify the resulting situation, stop committing it or stop taking the preparatory measures for it within a specified period.

## Article 16

A. The subjected entities can object to sanctions imposed on it under these instructions at the authorities listed below:

1. The Board of Directors within fifteen days from the day following the date of informing them of the decision of the CEO.
2. The Board of Commissions of Commissioners within fifteen days of the day following the date of informing them of the decision by the Board of Directors.

B. The Board of Directors shall decide the objection referred to in Item (A) of this Article within 60 days from the date of submitting the objection to the ASE.

## Article 17

The Non-Compliance of the subjected entities to any of the provisions of the legislation issued by the ASE shall be deemed to be contrary to the provisions of these instructions.

## Article 18

The Board shall address any case not provided for in these instructions, and take the necessary decisions thereon.

## Article 19

The CEO shall take all decisions and actions necessary to execute the provisions of these Instructions unless otherwise stipulated.