

Sukuk Trading Instructions

Issues by the Board of Commissioners of the Jordan Securities Commission

**Based on Articles 3/A and 14/A of the Islamic Finance Sukuk Law No 30 of
2012**

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Article 1

These instructions shall be named the Sukuk Trading Instructions in the Amman Bourse of 2013, and they shall come into force as of 2/9/2013

Definitions

Article 2

- A. The following words and phrases that appear in these instructions shall have the meanings ascribed to them hereunder unless the context indicates otherwise:

Law	The Securities Law
Commission	The Securities Commission
Bourse	The Amman Bourse
Board of Directors	The Board of Directors of the Bourse
CEO	The CEO of the Bourse
Trading system	The e-trading system operative at the Bourse
Trading	Selling and buying transactions at the Bourse
Broker	A legal person licensed by the Commission to perform the activities of a financial broker or a broker dealer
Registered broker	A natural person authorized by the Commission to perform the activities of financial brokerage
Registered person	A natural person who is a member of the board of directors or [executive]management, or a manager, official, or holder of a similar position at a financial services company or who exercises similar powers for a financial broker, broker dealer, investment trustee, investment manager, financial advisor, primary issues manager, or a financial services company. This does not include employees who perform office or services work that is not connected to securities-related activities
Authorization/ Power of attorney	The request submitted by the client to the broker asking him and authorizing him to execute a purchase or sale of sukuk according to specific conditions laid out by the client in accordance with the provisions of these instructions
Purchase order	An order sent to the trading system for the purchase of a certain item of sukuk

Sale order	An order sent to the trading system for the sale of a certain item of sukuk
Deal/ transaction	The trading that takes place between two brokers or through one broker for the purchase or sale of any sukuk in one batch based on the written authorization of the client, provided that the market value of each contract is not less than the minimum limit set by the Board of Directors for said Sukuk, and provided also that the price of the transaction is within the price limits decided by the Board of Directors for said Sukuk
Closing price	The price of the last trading operation conducted on a certain item of sukuk taking into consideration the provisions of Article 18 of these instructions
Reference price	The price based on which the upper and lower limits permitted in a trading session are set, which is equal to the closing price except in cases of restrictions against the Sukuk or the calculation of a new reference price for the Sukuk
Reference number	The number assigned by the broker for his client for trading purposes, which is communicated in advance to the Securities Depository Center
Persons connected to the broker	Members of the board of directors or management of the broker as the case may be, and its employees

- B. The words and expressions not defined in these instructions shall have the meanings ascribed to them in the Islamic Finance Sukuk Law No. 30 for the year 2012 and the regulations, instructions and decisions issued pursuant thereto, and the Securities Law No. 76 for the year 2002, unless the context indicates otherwise.

Article 3

- A. Sukuk permitted to be traded according to the prospectus shall be traded on the Bourse by means of trading of contracts concluded between broker dealers or for the account of their customers. It is prohibited to make an agreement on a price that violates the provisions of the contract
- B. Trading transactions will be documented in records by the Bourse either manually or electronically

Article 4

- A. The broker shall not use the funds or trade in the sukuk owned by any of his customers except in accordance with the provisions of law, regulations, instructions, and decisions issued pursuant thereto and the provisions of the written agreement concluded with him.

- B. The broker shall use the client's funds to carry out operations on behalf of the same client. He may not use said funds to carry out operations for the benefit of the broker or that of others.

Article 5

- A. The broker shall include in the agreement concluded with the client any information or conditions required by the regulations and instructions in force, particularly the following:
 - i. The name and address of the broker and the client.
 - ii. A statement of the services to be provided by the broker to the client.
 - iii. A statement of the commissions to be charged by the broker for his services or a reference to a separate document showing these commissions provided that these commissions are within the permissible limits.
 - iv. The types of authorizations based on which the broker may execute the client's orders
- B. The broker may not conclude any agreement that restricts the responsibilities imposed by the operative legislation or to get on an exemption from these responsibilities.
- C. The agreement referred to in paragraph A of this Article shall be subject to the supervision of the Bourse

Article 6

- A. The broker shall have authorizations in writing or by telephone from his clients authorizing him to deal with the sukuk on their behalf and these authorizations shall be binding on him.
- B. The customer may issue an authorization to the broker to buy or sell sukuk by an Email message within the meaning given in the E-Transactions Law in force.
- C. the broker shall prove at any time that he has an authorization showing his client's name, the name of the issuer, the type of operation (buying or selling), the number of sukuk, price, and the date, time and duration of the authorization.

Article 7

- A. The broker shall document the date and time of receipt of the authorization to take account of the sequence of entering orders into the trading system including authorizations for his own portfolio.
- B. The broker shall write down information related to an authorization by telephone on his special form for written authorizations before entering the order into the trading system and he shall be responsible for all the consequences of this entry.

Article 8

The authorization shall determine the price at which the client wishes implementation to take place in accordance with the types of orders which the Bourse permits in terms of price.

Article 9

The broker shall keep all authorizations sequentially by the time they are received and these authorizations are subject to the supervision of the Bourse.

Article 10

- A. The broker shall keep the record of authorizations for the period determined by the Board of Directors.
- B. The broker's telephone recordings are accepted as evidence in case of any dispute between the broker and the client.

Article 11

For a licensed broker to perform the activities of investment manager, he shall trade for the benefit of his client according to the investment management agreement signed between them, which determines the client's investment policy in accordance with the provisions of the Law, regulations, instructions and decisions issued pursuant thereto.

Article 12

- A. The Broker shall report to the client the following:
 - i. Transactions executed on behalf of the client as soon as these operations are implemented or according to the agreement concluded between them.
 - ii. Operations not executed for the benefit of the client immediately after the expiration of the validity of authorizations provided to the broker.
 - iii. If the broker or any person associated with him was a party to the operation executed for the benefit of the client, unless the agreement provides otherwise.
- B. The broker licensed as an investment manager shall send a statement to the customer whose investment he manages, showing the operations executed at the expense of the customer and account balances of sukuk at least once every month unless the agreement between them stipulates a shorter period.

Article 13

If the broker and / or registered person has an interest in the operation to be executed for the account of the client, or if any of them has a connection with the operation that will lead to a conflict of interests, it is prohibited for either of them to perform this operation unless they take appropriate measures to ensure the realization of the client's interest and the client's fair treatment.

Article 14

- A. The broker is prohibited from implementing any operation on a particular instrument of Sukuk for his benefit or for the benefit of customers whose investments he manages if the broker has started preparing a financial consultation related to that instrument until publication of the financial consultation, except in the following two cases:
 - i. If the financial consultation is prepared for the private purposes of the broker and is not intended for publication.
 - ii. Performing operations on orders of customers whose investments he does not manage.
- B. The broker guarantees the confidentiality of information contained in the financial consultation that is intended for publication and not to disclose it to any of his non-specialized employees until publication.
- C. The broker may not execute an operation for his own benefit or for that of any customer whose investment he manages on any sukuk regarding which he published a financial consultation except a full working day after publication of the consultation.

Article 15

- A. A broker is prohibited from any behavior intended to give a misleading and incorrect impression regarding the price, volume of trading, or activity of any sukuk that may affect the interaction of the forces of supply and demand for said sukuk.
- B. The broker shall not perform any operation for the benefit of any of his clients if said operation violates the provisions of paragraph A of this Article.

Article 16

The broker is prohibited from the following:

1. Any operation on any Sukuk for his in benefit or for the benefit of his clients based on inside information related to these Sukuk or any other Sukuk linked to it.
2. Providing any financial consultation to anyone based on inside information.
3. Performing any order for any customer if the broker knows that the order is based on inside information.

Article 17

Bourse employees responsible for monitoring trading have the right to cancel orders entered into the trading system if they are orders for the purchase or sale of a certain sukuk instrument, if the prices or volumes of these orders are intended to disrupt trading in these sukuk.

Article 18

The CEO or whomever he authorizes in writing from among the Bourse employees, may adjust the closing price if it transpires that the price at which the last operation was performed on a particular sukuk instrument aimed to influence the closing price of these sukuk, given that the closing price is the price of the last operation performed provided that it does not violate the provisions of the legislation in force.

Article 19

For the purpose of implementing transactions excluded from price limits, the Bourse may, based on the written authorization of the broker, enter purchase or sale orders into the trading system on behalf of the broker, and the broker bears full responsibility for the results of entering the orders.

Article 20

- A. The CEO or whomever he authorizes in writing may cancel any transaction carried out during the trading session in either of the following circumstances:
 - i. In case of an error in sending the order, provided that the broker requests the cancelation within ten (10) minutes of implementation, with the approval of the other party and before market closing.
 - ii. In case of any technical incident, whereupon brokers concerned shall be informed immediately.
- B. When a request is made to cancel any trading transaction, the brokers concerned shall fill the form intended for this purpose, and send it to the Bourse.

Article 21

- A. Brokers and persons connected to them, including accredited persons, are prohibited from trading in sukuk instruments except through the same broker.
- B. The prohibition stipulated in paragraph A of this Article on people associated with the broker does not apply to legal persons, but to their representatives.
- C. No accredited person or employee of a financial services company may be authorized for any account at the company or any other company

Article 22

The Bourse has the right to request all necessary documents to ensure the soundness of trading.

Article 23

- A. The CEO or whomever he authorizes in writing from the staff of the Bourse may amend the reference numbers in contracts executed based on the justified request of the broker that is accepted by the Bourse.
- B. The Bourse may take the necessary procedures and request all documents that it deems appropriate.

Article 24

The trading system shall be operated daily for the purpose of trading in sukuk except on official and public holidays and on the last working day of the calendar year.

Article 25

The Board of Directors determines the times and stages of trading sessions at the Bourse.

Article 26

The Bourse announces the decisions taken by the Board of Directors regarding the determination of issues related to trading sessions contained within these instructions.

Article 27

The Bourse shall notify brokers immediately if any change occurs on the schedule of trading sessions due to any emergency.

Article 28

Trading at the Bourse shall take place through pricing groups determined by the Board of Directors.

Article 29

Traded at the Bourse shall take place on the basis of a single sukuk instrument and multiples thereof unless the Board of Directors decides otherwise, as appropriate.

Article 30

The Board of Directors shall set the minimum quantity a Broker can display of the total quantity of securities entered in the buy and sell orders.

Article 31

The Board of Directors shall determine the period of time that must lapse after entering the order into the trading system so that the broker may amend it again or cancel it.

Article 32

- A. Sukuk shall be priced in Jordan Dinars or any other currency.
- B. Sukuk issued in Jordan Dinars shall be priced in multiples of 10 Fils and the Board of Directors shall determine the monetary multiples for pricing sukuk issued in other currencies.

Article 33

The Board of Directors shall determine the permissible rate of appreciation and depreciation in the price of a sukuk instrument compared to the reference price, and it shall define the level by which the price exceeds this rate during the trading session in case of restrictions on the Sukuk.

Article 34

The Bourse shall cancel sale and purchase orders entered into the trading system whose validity has not expired on any instrument on the day following distribution of expected returns and in all cases where the Bourse calculates a new reference price except in case of restrictions on the Sukuk.

Article 35

- A. The Board of Directors may exempt some transactions of the permissible upper and lower limits in any of the following cases:
 - i. If the government or any public institution is party to these transactions
 - ii. If the market value of the transaction is not less than the minimum set by the Board for this purpose.
 - iii. Any other case approved by the Board of Directors if it is satisfied that the operation represents the will of two parties to complete the transaction at the price requested.
- B. Trading commissions for transactions referred to in paragraph A of this article shall be calculated at the execution price or the closing price of the sukuk instrument concerned on the day of execution, whichever is higher.

Article 36

- A. The Bourse shall undertake the sale of sukuk instruments implementation on an order of the court or competent official authorities.
- B. The Board of Directors shall organize the distribution of sales referred to in Paragraph A of this Article among brokers working in the Bourse.
- C. The broker who performs the sale shall write a cheque with the value of the sukuk sold after deducting the commissions payable, to the order of the competent party that decided on the sale, accompanied by the bill of sale and deliver it to the Bourse.
- D. Brokers shall charge the minimum commission ascribed to them under the operative legislation in return for implementing the operations referred to in paragraph A of this Article.

Article 37

- A. Use of trading screens to enter purchase sale orders into the trading system is restricted to accredited brokers.

- B. Subject to the provisions of Paragraph C of this Article, the number of trading screens belonging to the Bourse shall not exceed the number of brokers accredited to the broker.
- C. The Board of Directors shall determine the maximum number of trading screens given to each broker.

Article 38

An accredited broker is required to pass the [qualifying] examination set by the Bourse for this purpose.

Article 39

If a broker is unable to access the system due to a technical failure, the Bourse shall help him and allow him to use one of the backup devices available at the Bourse to access the trading system and enter his orders. In the event that several brokers are unable to access the system, the CEO may decide to continue or stop the trading session as required by the market's interest.

Article 40

[Telephone] calls made during trading session between brokers and officials responsible for monitoring trading shall be recorded and the recordings shall be kept for the period determined by the Board of Directors. These recordings shall be accepted as evidence for the purpose of implementing the provisions of the Law and regulations, instructions and decisions issued pursuant thereto.

Article 41

Brokers shall comply with all the administrative, regulatory, and technical decisions issued by the Board and CEO to implement the provisions of these instructions.

Article 42

The Bourse shall impose sanctions against violators of these instructions in accordance with the provisions of the Law and regulations, instructions and decisions issued pursuant thereto, including the cancelation of operations conducted contrary to the provisions of the operative laws.

Article 43

All issues related to E-trading services that the broker provides to his customers shall be regulated by means of special instructions issued for this purpose.

Article 44

The Board of Directors shall issue a manual for using the trading system.