

In The Name of the Merciful God

The Palestinian Legislative Council

The Proposed Securities Law

The Project Number :82/2001/J

**The Submitting Party: The Budget and Financial Affairs Committee
Council's Reading: Passed on Third Reading**

Date: 5/12/2004

The Securities Law No. (12) of the year 2004

- Chairman of the Palestinian National Authority
- After review of the initial amended law
- After ratification by the Legislative Council on its meeting held on --/--/2004
- We have passed the following law:

Section One

General Provisions

Article (1)

Jurisdiction of the Law

The text of this law shall govern:

1. The activities of the securities stock exchanges, and the approved members and those dealing in it, and any new activities approved by the Association in accordance with the provisions of this law
2. The issuance and submittal of securities for sale and exchange
3. The securities companies, investment consultants, administrative managers, financial consultants, securities experts, the Center for Deposit, Transfer and Settlement, investment funds, and the managers of financial funds, the services of secure deposits, the issuers of securities, the main holders of securities and any activity approved by the Association in accordance with the provisions of this law.

Article (2)

General Definitions

The following words and phrases shall bear the definitions stated below unless otherwise indicated:

The Association : The Capital Stock exchange Association

The Stock exchange : Palestine Securities Stock exchange or any stock exchange for securities exchange licensed by the Association in accordance with the provisions of the law.

The Center : The Center for Deposit, transfer and settlement

The Financial Consultant: The common person whose profession is to provide advice and guidance in the area of securities investment to the public for his benefit or for a securities company or investment consultant.

The Investment Consultant: The person whose profession is to provide advice and guidance to others with regards to securities and its investments, issuing reports, conducting research and feasibility in relation to securities

The Executive Employee: The common person holding any of the administrative positions at the securities company or the investment consultant

The Investment Fund : The incorporeal individual licensed by the Association who collects capital from investors and invests it on their behalf in a securities portfolio, or other forms of investment by the establishment contract and its bylaws.

The Administrator of the Fund: The common person approved by the Association to work on the Fund.

The Trustee of the Fund: The considered individual licensed by the Association to monitor the activities of the fund and its obligations.

The Auditor of the Fund: The legal auditor of the fund

The Manager of the Fund: The incorporeal individual practicing the management of the fund's business.

The Investment Manager: The individual practicing the management of investment in securities for the fund

Loan Bonds : The securities released by the public shareholding companies or government organizations or public organizations for general subscription and exchange to obtain through those bonds a loan which the issuing party commits to payment of its principle amount and interest in accordance with the conditions provided in the prospectus

The Lead Owner : any individual owning 10% or more directly or indirectly of the securities of the issuer.

Internal Information : The information of the issuer or his securities which hasn't been publicized yet.

The Insider : The individual who reviews internal information due to his status, position, ownership, or direct or indirect relation to the person in possession of the information.

The Issuer :The incorporeal person who issues securities or announcing his intent to issue securities.

The Individual :Any normal or incorporeal individual

The Investor :The person dealing with securities whether by sale or purchase with the aim of realizing profit.

The public	: The person directly or indirectly affected by the financial and investment movement in the stock exchange
The Relatives	: The relatives of the normal person even of the second degree
The Public Institutions	: The public shareholding companies which the government owns most of its shares or on which the government exercises actual authority.
Stock exchange Rules	: The regulations and instructions which the stock exchange ratifies and the Association approves to regulate the business of the stock exchange
Securities Company	: The company which its main activity is to conduct business related to the securities exchange for others or for its own, and the other activities in accordance with the law.
The Member	: The securities company licensed by the Association and to the stock exchange
Members in the Center	: The securities companies that are members in the stock exchange, the companies listed in the stock exchange, the custodian subscribed to the stock exchange, and the investment funds listed in the stock exchange.
Special Issue	: Offer of limited securities to thirty individuals or less for purchase of not more than 10% of it for each issue.
Public Issue	: Release of securities for public purchase
Public Purchase	: Release of securities to the public
Public offer	: The request presented by an individual to purchase 10% or more of the securities of the issuer
The Custodian	: the incorporeal individual practicing the secure holding business for securities
The Issue Trustee	: The qualified individual representing holders of the loan bonds in accordance to the provisions of this law, and the instructions issued by it.
The Coverage Contractor:	The individual licensed to purchase securities from the issuer and re-sell them
The Issuance Agent	: The individual licensed to sell securities on behalf of the issuer.
The Investment Company:	The company whose main activity is to invest in securities and trade in it, or the company which owns or intends to own over (50%) of its total assets in the form of securities. This definition does not include banks, or insurance companies which conducts its businesses in this manner.
The substantial Information:	The event or the information which its revelation affects the price of the security or the decision of the individual to purchase the security, keep it, sell it, or deal with it.
Delusion	: Any incorrect statement relevant to a substantial information or any deletion or hiding of a substantial information or any other information necessary for the provided data to be correct, precise and complete.

Deceit	: Any act, practice, plan, tactic, or method intended to deceive others or may lead to the deceit of others.
Control:	The direct or indirect ability to exercise effective effect on the acts of someone else and his decisions.
Exchange	: Sale and purchase of securities
Exchange Contract	: The contract by which the purchase of securities and sale of it was conducted.
The Set-Off	: The operation through which calculation of the net of rights and commitments of the exchange sides resulting from the exchange contract is conducted in order to pay its prices in the date specified for settlement.
Settlement	: The operation through which the exchange contract is concluded, and the ownership of the securities is transferred from the seller to the purchaser, and its prices are paid fully and unconditionally.
Listing	: Listing the securities of a company in the stock exchange for exchange, and conducting settlements of sale and purchase contracts and transferring its ownership through the center.
Disclosure	: Revealing any information important to the investors and to the public which affects the price of the security.
The Listed Company	: The company which securities have been listed in the stock exchange in accordance with the provisions of the law.

Article (3)

1. Securities mean ownership rights or debt tools whether local or foreign which the Association agrees to approve as such.
2. Securities include, specially:
 - a. Shares and bonds
 - b. Investment units issued by investment funds
 - c. Investment derivatives including shares, and convertible bonds, sale option contract, and purchase option contracts
 - d. Immediate settlement contracts, and delayed settlement contracts.

Article (4)

The following are not considered securities:

1. Commercial documents including cheques and notes
2. Documented credits, transfers and the tools the banks exchange exclusively amongst them.
3. Insurance policies, and the rights due from the pension funds to the beneficiaries which are fed from sources other than their contributions.

Section Two

Establishment of the Stock exchange and Its Powers
Article (5)
The Establishment

1. One or more securities stock exchanges shall be established in Palestine, which enjoy considerable, financially and administratively independent identity.
2. The Stock exchanges shall be exclusively the only party authorized to practice work as a regulated stock exchange for securities exchange in Palestine
3. The management of the stock exchange shall be handled by a Board of Directors and a dedicated executive manager according to a structure and a system the Association sets for this purpose.
4. The Chairman of the Board of Director or his deputy is prohibited from being a partner or a member in a Board of Directors or a managers association or an employee with any member of the Stock exchange or representing him.
5. It is permissible to re-structure the stock exchange by a decision from the Association.
6. The Stock exchange shall be subject to the observation of the Association, and its supervision, and inspection. The Association may audit its records.

Article (6)

The parallel stock exchanges and other stock exchanges, which are established by the Stock exchange to exchange issued securities in accordance with the regulations and instructions, shall have the same consideration as the regulatory stock exchange

Article (7)
The Powers of the Stock exchange

The Stock exchange shall enjoy the following powers, not defying the Association's powers:

1. Regulating, supervising, and monitoring the activities of the members, and the issuers, and the listed companies with relevance to their securities.
2. Regulate dealing in securities for the protections of the securities owners, investors, and the public from the fraud, deceit and unjust practices in accordance to the principles issued by the Association.
3. Setting the principles for performance, supervision, and the procedures for monitoring and implementation to ensure regulating, operating, managing, and monitoring the stock exchange in the best manner after obtaining the approval of the Association.
4. The Stock exchange may set and impose fees on the member, listed companies in exchange for the use of its facilities and services, including registration fees, membership fees, exchange fees, and listing fees after obtaining the approval of the Association.
5. Implement the monitoring principles and procedures and implement them to the members including:
 - a. The financial situation of the member companies, and the requirements of the financial audit in accordance with international standards.

- b. The Stock exchange's right in reviewing the books and records of the members.
 - c. Sending regular reports to the Association regarding the members' activities
 - d. Consideration of the professional ethics approved and implemented in accordance with the instructions made by the Association.
6. Conduct investigation regarding the member and listed companies and impose fines upon defiance of their principles. The fines imposed by the Stock exchange shall be presented to the Association, and shall remain effective unless the Association revokes them.
 7. The Stock exchange, and for justifiable reasons, may request the Association to suspend dealing in common securities or suspend the business of any of its members for the period it finds suitable.

Article (8)

The Stock exchange shall present to the Association the bylaws and its internal instructions (stock exchange principles), and any other amendments occurring to it for approval before implementing it. The Association has the right to request the stock exchange to adjust them within a period specified in the request. These adjustments shall be effective from the date the Association specifies.

Article (9)

Exemption from Responsibility

1. The Stock exchange, the center, any official, employee, representative, or contracted party are not considered responsible for any act when performing one of the tasks of the stock exchange or the center, or when exercising an authority this law, the bylaws, instructions, or the principles of the stock exchange listed unless he harmed others as a result of his mistake or negligence.
2. The principles of the stock exchange may state the transfer of some types of disputes or all to arbitration.

Article (10)

Exchange at the Stock exchange

It is prohibited to exchange securities listed at the stock exchange except by the member companies at the stock exchange whether that occurred for its account or for the account of others.

Article (11)

The Relation of the Association to the Stock exchange

1. The Association provides the appropriate atmosphere to accomplish the integrity of securities exchange, regulate, develop, monitor and supervise the Securities Stock exchange and the Capital Stock exchange in Palestine. Also, to protect holders of securities, and those investing in it, and the public from fraud and deceit.
2. In order to accomplish that, the Association shall perform the following tasks:
 - a. Regulate and monitor the issuing of securities and dealing with it.

- b. Regulate and monitor the businesses and activities of the parties subjected to the Association's observation and supervision including the Stock exchange, Center, investment funds, securities companies, public shareholding companies, and financial professionals.
- c. Regulate and monitor the disclosure of information relevant to the securities and the parties issuing them, and the dealing of the informed individuals, large shareholders and investors in it.
- d. Regulate the public offers to purchase the shares of the public shareholding companies
- e. Any other power as indicated in this law or the law of the Capital Stock exchange Association.
- f. The Association is considered holder of the full power by law in setting rules, instructions, and principles related to the business and activities of the parties under its observation and supervision in order to accomplish its goals as listed in paragraph (a). It is prohibited to defy what the Association approves in this regard.

Article (12)
Powers of the Association

Without lessening the powers of the Association listed in the Capital Stock exchange Association Law and article (11) above.

1. The Association may issue written instructions to the Stock exchange for the purpose of the public good, in relation to the following:
 - a. Exchange at the stock exchange
 - b. Securities being exchanged at the stock exchange
 - c. Publicizing information to the member securities companies or to the public
 - d. The mechanism of the stock exchange's implementation to its principles, instructions and procedures.
 - e. Any other topics the Associations perceives as necessary for the implementation of this law
2. The Association may consider the decisions made by the stock exchange to ensure its consistency with the provisions of this law, bylaws, instructions, and decisions issued by it, and make the suitable decisions in its regards.
3. According to the procedures, and by the conditions listed in the bylaw, the Association may request the stock exchange to do the following:
 - a. Suspend the membership of a securities company
 - b. ----- a securities company member of the stock exchange
 - c. Suspend the exchange at the stock exchange, if it became apparent that undefeatable reasons will prevent the ability to exchange according to the Association.
 - d. Suspend, or cancel the exchange of any security at the stock exchange or any type of license.
4. Any notification made by the Association to suspend or cancel the membership, or suspend or cancel the exchange of any security must be reasoned and effective immediately after notifying the stock exchange. The member has the right to

complain against the decision of the Association in accordance with the bylaws issued in accordance with this the law.

Article (13)
Secrecy

It is prohibited for the stock exchange, its managers, officials, employees or the center to disclose to any person information that is relevant to the transactions of the member securities companies, its possessions, or the transactions of the listed companies, its possessions, or the transactions of the investors or their possessions except for what is allowed by this law, or the principles of the stock exchange, unless this information was public. This prohibition is not applicable to the information required for the Association by this law or the listings or by a judicial decision.

Article (14)
The Center

The Center conducts the following tasks:

1. Register issuers of securities
2. Central deposit for the securities
3. Audit the information entered in the accounts of the investors at the securities companies which are members at the stock exchange, ensure its correctness, and entering any additional personal details in the records of the owners of the securities at the center.
4. Provide the services of Maqassah and settlement for the stock exchange and its members
5. The work relevant to the transfer of securities ownership
6. The processes of bonding, seizing, unbinding, and releasing securities
7. Monitoring the ratios of securities ownership to prevent exceeding the set prohibition on exceeding the highs of ownership by the provisions of the law or the bylaws of the listed companies or the conditions of issuing the securities announced in the prospectuss.
8. Provide the securities issuing parties with the changes occurring on the records of the securities owners regularly.
9. Implement the Association's and the Stock exchange's instructions with regards to the procedures dealing with the shares of the members of the listed companies' board of directors, and execute the companies' decisions with regards to the shareholders registry in distributing its shares, dividing them or merging them.
10. The center has the right to collect fees in exchange for the transactions it processes in accordance with instructions issued by the stock exchange with the approval of the Association.
11. Any other tasks required by the securities processes at the Center.

Article (15)
Singularity

It is prohibited for any individual other than the Association to establish, form, or manage another center providing any facilitation as a depository for securities, or to provide Maqassah and settlement services to the stock exchange and its members.

Article (16)

Supervision and Monitoring of the Members in the Center

1. The Association is authorized to set and implement the principles of monitoring and supervision over the members to ensure the performance and the regulation of the Center's business, including:
 - a. Registering and writing the ownership right, and transferring securities ownership, which are exchanged in the stock exchange, and settling the prices of these securities.
 - b. Information, bulletins and secretive registries, which anyone that is permitted may review.
 - c. Information, bulletins and registries which the Center is obliged to disclose
 - d. The professional standards and ethics.
2. The Association may work on setting the principles and procedures to supervise and monitor the members who have the right to use the Center. These principles and procedures shall include the following:
 - a. Providing the Center of the bulletins and the records of its members
 - b. Regular reports of the Center about the activities of its members
 - c. Specifying the violations of the Center's principles and imposing penalties on the members whose violation of these principles is verified, which includes suspending the activities of these members.
 - d. Any other topics requested by the Association in accordance of the listings.
3. The Association has the authority to investigate the members of the Center and impose fines for defiance of its principles. The Association may review these fines, which are effective unless otherwise reversed by the Association.

Article (17)

Restrictions of Securities' Ownership

1. The Association may ensure the extent of abiding by the conditions of the securities ownership and any restrictions imposed on them by the law or stated in the contract with the issuer or in accordance with the bylaws of the issuer. The Center may refuse to register the transfers of the violating securities.
2. The principles of the stock exchange may require the securities companies, the custodian, and the other members of the stock exchange to provide the Center with the names of the owners benefiting from the securities deposited in the accounts of their representatives. The Center shall keep this private information confidential, and it has the power to exchange this information with the Association and the issuer.

Article (18)

1. Registration of exchanged securities at the stock exchange, transfer of its ownership, settlement of its prices, and marking it with the bonding or seizing sign is conducted by entries made in the records of the center.

2. The Center has the right to open accounts to exchange securities or register them in accordance with the provisions of this law or the principles of the Stock exchange.
3. Members of the stock exchange have to preserve the investors' property in separate accounts from its possessions.

Article (20)

The Center's Records as Clear Evidence

The entries of the Center's records, its accounts, and any issued manual or electronic documents shall be considered evidence unless otherwise evident.

Article (21)

Securities Notifications without Certificates

Purchase notifications issued by the Center shall be considered as a legal proof of ownership.

Article (22)

1. The securities deposited at the Center are not considered possessions of the Center or the Stock exchange.
2. The Center may keep securities not registered with it if they were registered at a foreign center after obtaining the Association's approval.

Article (23)

The members, listed companies, and custodian shall have collateral system to ensure coverage of their commitments towards others.

Section Three

Issuing, and Releasing Securities for Public offering

Article (24)

Licensing the Issuing for Public offering

1. It is prohibited for any person to issue securities, release securities, or solicit investors to purchase them unless he/she presents an issue bulletin to the Association attaching to it all the information and data, which enables the investor to make his investment decision.
2. The Association shall issue instructions specifying the information and data required in the prospectus and attached to it.

Article (25)

The Coverage Contractor of the Public offering

It is prohibited to release securities for public offering except through a coverage contractor or issuance agent.

Article (26)

The request for

1. The licensing request shall be submitted to the Association including an issue bulletin abiding by all the bulletin conditions listed in article (24)
2. The issue request shall be signed by the issuer, and the coverage contractor or the issuance agent appointed by the issuer and by any other persons as specified in the bylaws.

Article (27)

The Issue Bulletin

1. The issuer must prepare an issue bulletin containing complete disclosure with what is necessary to enable the investor to make a correct decision whether to invest or not. The prospectus shall especially contain the following information and data:
 - a. **Complete Description** of the issuer and the nature of his work, the individuals managing it from members of the Board of Directors, top employees, shareholders, and founders.
 - b. **Complete Description** of the securities with regards to the number, price, and all the conditions affiliated with the issuance and how the returns from the issuance are used.
 - c.
 - i. **Complete Explanation** of the financial situation of the issuer, and any financial information that may affect the investment, including the general budget, and the income statement for the last three years for the operating companies.
 - ii. OR, feasibility study for the new companies and an estimated budget for the following two years in accordance with the international accounting principles, and the forecasts for the investment opportunities and threats.
 - d. Any information requested by the Association and/or the stock exchange that shall assist the investor in making his decision regarding the investment in the issued securities.
2. The Association may determine a specific format or form for electronic signature to approve it, which shall be equivalent in its validity to the written signature.

Article (28)

The issuer must inform the Association of any changes occurring on the information stated in the prospectus immediately whether the bulletin has been announced effective or not.

Article (29)

The Association's Approval of the Bulletin

1. The prospectus shall be effective thirty days after the date of its presentation to the Association, unless the Association decides during that period the effectiveness, rejection, or suspension of the prospectus. It has the right to determine the period during which this bulletin is to be effective.
2. The Association shall reject the prospectus in the following cases:

- a. If the bulletin was in defiance of the provisions of this law or the instructions issued as a result.
 - b. If the prospectus contained any incorrect, misleading, or insufficient information or data.
3. The Association may reject the prospectus or suspend its effectiveness in the following cases:
 - a. If the issuer did not supply the Association with any of the documents requested by the Association
 - b. If the prospectus did not contain any substantial information
 - c. If the fees for the prospectus have not been paid to the Association
 - d. In all cases, the decision for rejecting or suspending the effectiveness of the prospectus is explained.

Article (29)

The Responsibility of the Correctness of the Bulletin

The issuer shall be responsible for the correctness, precision, and sufficiency of the prospectus. The Association's approval of the prospectus does not indicate acknowledgement of the correctness of its content. It shall not be held responsible for the correctness of the information the prospectus contains.

Article (30)

Modification of the Licensing Request and the Prospectus

1. After the Association agrees to the licensing request and the bulletin, and before completion of the distribution of these securities, the licensing request and the prospectus shall be modified by the issuer in case of:
 - a. Occurrence of a substantial change to any information the licensing request or the prospectus contain
 - b. The Association's notification to the issuer to make the modification due to the information being misleading or incorrect or not including information important for ensuring the correctness of the investment.
2. In case the information included in the prospectus has to be modified:
 - a. The investors who bought securities must be notified
 - b. The investors may cancel their ownership or purchase, and request refund of the paid amount on the condition that they request that during a reasonable period specified in the bylaws or instructions.

Article (31)

Suspension of the Issuance Release for Public offering

After approving the licensing request and prior to the completion of the sale, the Association may suspend the release of the issuance if it found that the contents of the request or any published materials was misleading, incorrect, or did not mention substantial information which might be harmful to the investors. If the insufficiency in the disclosure according to the procedures was not corrected during a period, which is

specified in the bylaws, the Association must cancel license to release the issue and order the cancellation of any securities, which were sold and refund all amounts to the investors.

Article (32)
Special Issue

The following are conditions for the special issue:

1. The Association's approval for the special issue
2. That the offer is not accompanied by any connection through the media except for the announcement of the completion of the offer.
3. To permit the individuals to whom the offer is presented to review the information pertinent to the issuer and the securities similar to the situation for the prospectus in any public offering.

Section Four
The Issuers
Article (33)

1. The securities shall be released for public offering by any of the following methods:
 - a. Prospectus
 - b. An announcement containing a summary of the prospectus, and any information or data the Association requests or permits in accordance to the instructions issued by the Association.
 - c. Written material attached to the prospectus or released prior to it given that the prospectus has been effective.
2. The sale of the securities, by public offer, is not binding to the purchaser unless he/she receives a copy of the effective prospectus.

Article (34)
Listing in the Stock exchange

1. The issuer shall to file a request for listing in the stock exchange
2. The stock exchange shall list the securities of the issuer, which meet the conditions for listing at the stock exchange.
3. The stock exchange has the right to bind the listed issuer to disclose any information and making it available to the public upon the occurrence of any changes on the substantial information of the issuer.
4. It is prohibited for any issuer in Palestine to list his securities in a financial stock exchange or a securities exchange stock exchange outside of Palestine without obtaining prior approval from the Association
5. The listed company for any of its securities listed at the stock exchange for exchange shall abide by the disclosure requirements used by the Association.

Article (35)
Periodic Disclosure

1. Each issuer shall submit to the Association and the Stock exchange annual reports during the first three months following the end of each fiscal year. The report shall include the following information:
 - a. Complete information about the issuer and the fields of its activity
 - b. The names of the members of its board of directors, managers, and main owners.
 - c. Financial information clearly demonstrating the financial situation of the issuer and including the allied, and subordinate companies
 - d. The changes and future indicators expected by the issuer that have substantial effect on the financial conditions of the issuer.
2. Each issuer shall present to the Association and the Stock exchange bi-annual reports. The Association shall issue instruction specifying the time the issuers shall submit their bi-annual report and any other periodic reports, its contents, and the method of presenting them and any other additional information that shall be attached. It shall also specify the individuals whose signatures are approved.

Article (36)
Disclosure of Substantial Changes

1. Any source issuing securities shall notify the Association and the Stock exchange in writing immediately after the occurring of any substantial matters relevant to it, which might affect the prices of the securities issued by it.
2. The Association or the Stock exchange may request the issuing source for any information or data pertinent to it. The issuing source must supply the Association and the stock exchange with the requested during the period specified in the request.
3. The Association or the Stock exchange may request the issuing party to announce any information or data relevant to it. The Association or the Stock exchange may announce that information or data on the expense of the issuing party.

Article (37)
The Accounting and Review Standards

The Association shall specify the following by instructions:

1. The standards of accounting and auditing relevant to the preparation and publication of the financial reports for purposes of the initial issuance or the continuation of the listing.
2. The characteristics and qualifications of the auditing institutions and the legal auditors, which are permitted to ratify the reports, mentioned in paragraph (a) and the auditing standards that should be approved for that purpose.
3. If the issuer owned directly or indirectly 50% or more in any institution, the financial reports prepared by that issuer must contain financial reports of that institution or institutions and shall be presented on complete basis as stated by the regulations.

Article (38)
Registration of the Securities

1. The issued securities must be registered under the name of one specific person according to the provisions of the law
2. It is prohibited for any issuer to issue any certificates or documents of the securities ownership directly, but through the Center.

Article (30)
Suspension and Cancellation of the Listing License

1. The stock exchange may present a request to the Association to suspend or cancel the listing license, if the issuer defied the conditions of the continuous listing according to the stock exchange principles.
2. Upon approval of the Association to the suspension or the cancellation request, the Association shall reveal that to the public.

Section Five
Securities Companies
Article (40)

The services provided by the securities company individually or collectively include:

1. Management of the portfolio for its account or for the account of others
2. Assuming the role of the coverage contractor or the issuance agent.
3. Stock exchangeing of securities
4. Management of investment funds
5. Management of initial issuances
6. Performing the duties of the investment consultant
7. Financial mediation
8. Any other services approved by the Association.

Article (41)

The securities company includes any of the following:

1. The government
2. Any person working in the sale and purchase of securities without this activity being part of his regular or official commercial business.

Article (42)
Licensing Requirements

1.
 - a. Any individual must obtain a license from the Association and register at the Stock exchange before practicing work as a securities company or as a financial investment consultant

- b. The licensed securities company may perform the tasks of the investment consultant without obtaining an additional license, but it is prohibited for the investment consultant to carryout any of the tasks exclusive to the securities company without an additional license.
2.
 - a. Any individual must obtain a license from the Association and register at the Stock exchange prior to practicing his work as an administrative manager, financial consultant, or any other professional in securities.
 - b. It is prohibited for any securities company or investment consultant to employ any person as an administrative manager or financial consultant or professional dealing in securities exchange unless he/she has been licensed by the Association and has registered at the Stock exchange
 3. The Association shall issue instructions that specify the licensing procedures, qualifications requirements, and the basis of preserving the minimum capital, financial status, management, professional and technical levels. The Association has the authority to specify the different requirements for each activity.
 4.
 - a. The Association may authorize the Stock exchange to ratify the qualifications of those applying to obtain licenses to work as administrative employees, financial consultants, or professional dealing in securities, and to prepare and arrange any testing which may be required as a condition for licensing.
 - b. The Association may authorize the Stock exchange to ensure that these individuals still enjoy the required capacity during the duration of the licensing period.
 - c. The stock exchange may request the Association to suspend or withdraw the license of a securities stock exchange, an investment consultant, or any administrative employee, financial consultant or professional in securities given that the request be explained.

Article (43)

1. The Association shall make its decision regarding granting the license or rejecting it within sixty days of the date the request, which fulfills the conditions and requirements, was presented to it
2. The Association shall keep an approved list of securities companies, investment consultants, administrative employees, financial consultants and professionals.

Article (44)

The Obligations of the Securities Companies and the Investment Consultants

1. The securities companies and investment consultants are obliged to do the following:
 - a. Refraining from providing services to the investors prior to making the exchange contract.
 - b. Possession of sufficient capital and provide bank collateral in accordance to instruction issued by the Association

- c. Abiding by the instructions issued from the Association and the Stock exchange, which demand the separation dealing between company's private possessions and the possessions of the investors, and to refrain from using the funds and the securities of the investors for the company's private purposes.
 - d. Giving priority to carrying out the investors' requests prior to carrying out requests for its private account or the account of its employees.
 - e. Consultancies must be provided to the investors each according to his/her investment needs when providing the consultancy in accordance with the granted licenses.
 - f. Refraining from providing financial facilitations for the investors to purchase and possess securities except for what is available by the law, bylaws and instructions
 - g. Refraining from providing guarantees or a promise to the investors of specific profits.
 - h. Refraining from numerous sale and purchase for investors' accounts with an official authorization.
 - i. Providing the investor with periodic account statements.
 - j. Refraining from hiding any of their operations regarding the Association, the Stock exchange, and harming investors and the stock exchange.
2. The securities companies shall notify the investors who own the securities of the information supplied by one of the issuers directly or through the Association or the Stock exchange and pass the information received from the owners to the issuer directly or through the Center.

Article (45)

Membership of the Securities Stock exchange

1. All securities companies shall obtain membership to the Stock exchange in order to exchange securities in the stock exchange. They shall abide by the provisions of this law, the bylaws, instructions, and the rules of the stock exchange by it.
2. The member securities companies towards the Association and the Stock exchange shall perform the following:
 - a. Disclose the information and the information requirements
 - b. Provide its books and records for audit
 - c. Provide the documents and other information requested by the Association and the Stock exchange.

Article (46)

The Association's Authority to Monitor Securities Companies and Investment Consultants

1. The Association bears the authority to issue instructions which specify the duties and obligations of the securities companies, and the investment consultants with regards to the items listed in article (43) (a) and (b)

2. The Association has the authority to request the securities companies and the investment consultants to provide information and reports about their business.
3. All books, records, bulletins, documents, correspondence, and contracts pertaining to the securities companies, and the investment consultants shall be subject to review and audit by the Association. The Association may obtain copies of these documents.
4. If the Association reviewed confidential information, it shall preserve the confidentiality of that information. It is prohibited to reveal that information except by a decision from the court, or a request from the Legislative Council.
5. The Association shall reject, suspend, cancel or restrict any license issued in accordance with the provisions of this section if it became apparent that he:
 - a. Provided the Association with false or misleading information in requesting the license or in any report
 - b. Did not meet the qualifications or the requirements requested in this law, bylaws and instructions
 - c. Defied the provisions of this law, bylaws and instructions issued in accordance
 - d. Defied the rules of the stock exchange.
 - e. Failed in monitoring the work of any executive employee or any other person under his supervision that has lead to the defiance of the provisions of this law, bylaws and relevant instructions.
 - f. Was convicted of a felony or a crime he has committed.

Article (47)
Disclosure of Changes

Securities stock exchanges and investment consultants shall notify the Association and the stock exchange of any changes in the circumstances, which might affect their situation. This notification shall take place during the period and by the method specified in the bylaws and instructions, including:

1. If the securities company or the investment consultant has ceased performing the business for which the license was granted
2. If the securities company or the investment consultant ceased to employ executive managers, administrative officers, or supervisors who have obtained a license suitable to the securities business which the securities company or the investment consultant has obtained the license for.
3. If any substantial change has occurred in the information indicated on the approved list of that company or the investment consultant at the Association.
4. If events have occurred which could harm the financial situation of the securities company or the investment consultant?
5. Any other kind of circumstances or events, which the instructions specify.

Article (48)
Confidentiality

It is prohibited for the Securities Company, custodian, investment consultant, managers, officials, or employees to disclose to any individual any information pertaining to the

transactions of the investors, or the securities owned by them without written permission from the client each time disclosure of information is requested. This prohibition does not apply to information which disclosure of is required by this law, and the instructions of the Association and the Stock exchange.

Article (49)
Secure Holding Services

1. Secure holding means the services provided by the custodian whether directly or through one or more other custodians to protect an investor in securities, and to assist the investor in establishing his rights with relevance to the securities.
2. Types of secure holding services include:
 - a. Material holding if the custodian is receiving securities from the investor to keep with him.
 - b. Nominal holding if the custodian is receiving from the investor securities documented by mathematical bulletins to keep with him or with another custodian.
3. The Association shall specify by instructions the procedures for licensing the custodian and the essential requirements for the applicants qualified for licensing.

Section Six
Investment Funds
Article (50)
Licensing of Investment Funds

It is prohibited for any party to establish any investment fund unless if it was an incorporeal individual, and after obtaining the necessary license from the Association and registration at the Stock exchange.

Article (51)
Types of Investment Funds

1. Investment Funds are one of the following two types:
 - a. investment fund of variable capital called (the open fund)
 - b. Investment fund of fixed capital called (the closed fund)
2. The closed fund may issue its investment units by a special or a public issue. It may be listed in the stock exchange according to the listing conditions.
3. The closed fund may be converted to an open fund if its law stated that, given that it will correct its situation according to the provisions of this law, bylaws and issued instructions.
4. The Association shall specify by instructions the issuance of the securities for the open investment fund for release for public offering.
5. The open fund may not issue, or extinguish its investment units except in accordance to the price calculated based on the net value of its assets in accordance to the basis and procedures used by the Association.

6. The open fund may not cease to issue or extinguish its investment units in the times specified in its law except for exceptional situations specified by the Association.
7. The open fund shall care for all of investments to be of high liquidity and sufficient to cover its obligations.
8. The Association shall specify the minimum liquidity percentage the open fund is obliged to preserve and the method of its calculation

Article (52)
Establishment and Management of Investment Funds

1.
 - a. The investment funds shall have a fund manager, trustee and auditor for the fund
 - b. The fund may have a custodian given that he is not the manager or the trustee of the fund.
 - c. The fund may have an investment manager given that he is not the manager of the trustee of the fund.
2. The licensed trustee handles following up on the investments of the fund, and ensuring its consistency with the investment policy stated in its law, the provisions of this law, bylaws and issued instructions.
3. The treasure shall immediately notify the Association of the violations committed by the fund manager. In case the Association is not notified, he is considered an accomplice in the violation unless his ignorance of it is proven.
4. It is prohibited for any person to collectively hold the positions of fund trustee and manager of the same fund
5. It is prohibited for the fund manager, trustee, custodian or investment manager or auditor to use his job for personal or impersonal gains.
6. The Investment funds abide by the statements of the regulations relevant to its establishment and to organization of its work in accordance to the provisions of this law, bylaws, and issued instructions.

Article (53)

The Association keeps an approved list of the investment funds, fund managers, investment managers, fund administrators, trustee and the custodian of the fund.

Article (54)
Disclosure and Reports

1. Each investment fund shall present at least two reports annually to the Association including the financial data, its performance and type of portfolio, and including the information required for disclosure to the shareholders. These reports shall be audited by the fund auditor.
2. Each investment fund shall disclose periodically the information pertinent to the value of the portfolios, disclosure date, accounting and audit principles, and the evaluation basis.

3. The provisions of this law dealing with disclosure shall be applicable to the investment funds. The Association may issue special instructions in that regard if necessary.
4. The Association may by instructions, specify the responsibility of abiding by the disclosure, and the presentation of the reports by the parties relevant to the establishment of the funds in accordance with paragraphs (1), (2), and (3) above.

Article (55)
The Fund Manager

1. Any incorporeal person has the right, after obtaining the necessary license from the Association, to practice the business of issuing and stock exchanging the fund and its effects.
2. The Association shall specify, by instructions, the procedures for licensing the fund manager, and the essential requirements for the applicants qualified for the licensing.
3. The fund manager shall perform his activities in accordance to the basic law of the fund. The fund manager shall sign the licensing request for the public offering.
4. It is prohibited for the fund manager to enter into any securities deal for his own account whether directly or indirectly with the fund or any client securities company.

Article (56)

The Association may, by request from the fund manger or any other concerned party, exempt the fund from the licensing requirement in accordance with the provisions of this section unless the issue is a public offering, and if it views the exemption not to disrupt the goals and principles of this law with regards to the protection of the investor, and if it does not defy the general interest of the fund.

Article (57)
The Investment Manager of the Fund

1. Any person may work in the fund as an investment manager after obtaining the necessary license from the Association
2. The Association shall issue instructions specifying the licensing procedures and the basic requirements for the qualified applicants to obtain the licenses in accordance to the provisions of the law.
3. The investment manager of the fund shall abide by the basic law of the fund, and shall manage the fund in accordance to the stock exchange principles.
4. The investment manager of the fund shall manage the investment portfolio in a way that concurs with the goals and policies of investment listed in the prospectus of the fund.
5. The investment manager of the fund shall not enter into any securities deal whether directly or indirectly with the fund or with any client securities company.

Article (58)
The Administrative Staff of the Fund

1. Any normal person may, after obtaining the necessary license from the Association, practice administrative work at the Fund
2. The administrative clerk performs the following:
 - a. Provide administrative services for the fund in a correct, sound, and efficient manner in accordance to the stock exchange principles.
 - b. Preserve the property records of the investors in the fund
 - c. The Association specifies, by instructions, the licensing requirement and the basic requirements for the applicants qualified for licensing.

Article (59)
The Trustee of the Fund

1. Any incorporeal person may perform the job of the trustee after obtaining the necessary license from the Association
2. The Association specifies, by instructions, the licensing procedures and the basic requirements of the applicants qualified for licensing.
3. The Association specifies, by instructions, the responsibilities of the trustee to monitor the activities of the fund and supervise them.
4. The trustee performs his activities and duties towards the investment fund in an appropriate, sound, and efficient manner.
5. It is prohibited for the trustee to enter into any securities deal whether directly or indirectly with the fund at which he/she works as trustee or with any client securities company.

Article (60)
The Custodian

1. Any incorporeal person may work as the custodian of the fund after obtaining the necessary license by the Association.
2. The Association issues instructions specifying the licensing procedure and the essential requirements for the applicants qualified for licensing
3.
 - a. The custodian of the fund shall abide by the basic law of the fund
 - b. Provide the services of secure holding of the fund in an appropriate, sound and efficient manner.
4. It is prohibited for the custodian to enter into any securities deal whether directly or indirectly with the fund at which he/she works as a custodian or with any client securities company.

Article (61)

The Association may specify the qualifications and requirements of the parties providing services to the investment funds. It may specify, in accordance to the procedures, the time when these individuals have to be licensed to perform these services.

Article (62)

Responsibility

Each of the fund managers, the investment manager of the fund, the administrative clerk, the trustee, the custodian of the fund, and the other parties which provides services to the fund, shall be responsible towards the fund and the investors about any violation of the provisions of this law, the bylaws, or the instructions issued by it.

Article (63)

The Powers of the Association over the Investment Funds And Their Employees

1. The Association has the power to issue the instructions that specify the duties and the obligations of each of the fund manager, the investment manager of the fund, the clerks of the fund, the trustee of the fund, and the custodian of the fund in accordance with the provisions of this law.
2. The Association has the power to determine the responsibilities expected from the relevant individuals within this chapter.
3. The Association has the power to request the investment funds, the fund manager, the investment manager of the fund, the clerks, the trustee of the fund, the custodian of the fund, and the other service providers, to provide it with any information or reports based to the bylaws and the instructions issued in accordance with the provisions of this law.
4. The Association has the power to examine the work location, the accounting books, records of the fund manager, and the investment manager of the fund, clerks, trustee of the fund, and the custodian of the fund for any business and the establishment of any business.
5. All records, bulletins, documents, correspondence, and contracts dealing with the fund or with the relevant parties shall be subject to the monitoring and inspection of the Association. The Association may obtain copies of it or request supplying it with these copies.
6. If the Association reviewed confidential information, it shall preserve the confidentiality of this information. It is prohibited to disclose this information without a decision from the specialized court.
7. The Association may reject, suspend, cancel, or restrict any license issued according to this section, if it became apparent that the licensed:
 - a. Has supplied the Association with wrong, misleading or vague information in the licensing request or in any report
 - b. Has not fulfilled the qualifications and the requirements specified in this law and/or bylaws and/or instructions.
 - c. Has defied the provisions of this law, bylaws, or instruction issued by it.
 - d. Defied the stock exchange rules
 - e. Failed to monitor the work of any employee, or other person under his supervision that has led to the defiance of the provisions of this law, bylaws and instructions dealing with that.
 - f. Has been convicted of any crime, financial felony, or crime relevant to the securities within the last ten years.

8. The Association may suspend, cancel or suspend the licensing of the investment fund if it defied the legal rules regulating a foreign financial stock exchange in which it is listed.

Article (64)
Disclosure of Substantial Changes

1. The Association may request any licensed person to notify it of any changes in circumstances, which may affect the status under which he was licensed. This notification has to be issued within the period and method indicated in the bylaws and instructions. The circumstances necessitating notification include:
 - a. If this person has ceased to conduct the activities for which he was granted the license
 - b. In the case of the custodian of the fund, if the stock exchange suspends his participation rights.
 - c. If substantial change in any information, which the instruction require its registration in the approved list of the fund, and in the relevant jobs which, the Association preserves.
 - d. The occurrence of any events, which have a negative effect on the financial situation of that person as indicated in the instructions.
 - e. Any other type of circumstances of events, which the instructions specify.
2. The Association may, by instructions, request all the funds or the relevant parties which have been licensed according to the provisions of this section, to obtain the Association's prior approval before any substantial change to any of the founders, ownership rights, capital, or any other business which the Association defines as a change in the ownership rights, control, legal framework, sale of assets or mergers.

Article (65)
Ownership of the Fund's Property

It is prohibited to seize the possessions of the fund to ensure or to collect obligations to any of the investors, or holders of the investment units. The possessions are not available for repayment of their debts or obligations except by a judicial decision.

Article (66)
Confidentiality

The investment fund or the relevant parties shall not disclose to any individual any information relevant to the characteristics of the investor in securities, or the securities possessions of the investment fund, or the investment direction of the fund without a straight written permission from that investor, or by a judicial decision. This condition is considered a requirement in each case necessitating disclosure of that information. This prohibition is not applicable to the allowed information or the information, which shall be provided in accordance with this law, bylaws, or instructions to the Association or the Stock exchange.

Section Seven
Loan Bonds
Article (67)
The Conditions for Issuing Loan Bonds

1. The documents which the issuer presents shall include:
 - a. The conditions for issuing loan bonds including the conditions for repayment of interest and capital.
 - b. The details relevant to the assets for at most the last three years, if available, which is considered collateral for the loan bonds.
 - c. The details relevant to the collaterals, if available, by other parties for the capital or interest.
 - d. Any other requirements, which are specified by the bylaws and instructions.
2. The loan bonds shall have the following:
 - a. The company's approvals in accordance with the provisions of the companies law, for its issuance
 - b. If these loan bonds are convertible to shares, its issuance shall be based on the provisions of the companies law.
3. The provisions of this section are not applicable to:
 - a. The bonds and securities which the government, institutions and local associations issue.
 - b. Special issues
 - c. Any other types of issue which may be excepted from the definition of public offering according to its specific provisions

Article (68)
The Exchangeability of the Loan Bonds

The loan bonds are nominal, exchangeable, and registered under its owners names. The occurring sale with regards to it is documented in the Center. These bonds are exchangeable in the stock exchange in accordance to the provisions of this law.

Article (69)
The Nominal value of the Loan Bonds

1. The loan bonds shall be in one similar nominal value in the same issue. The loan bonds are issued in varied sets for exchange purposes.
2. It is permissible to sell a loan document in its nominal value or at a discount or an issuance raise. In all situations, the document shall be repaid at its nominal value.

Article (70)
Payment of the Loan Document Value

1. The value of the loan document shall be paid upon its sale in one full payment, and shall be registered in the borrowing company's name.

2. It is permissible to register the paid amounts in the name of a coverage contractor with the consent of the borrowing company. The outcome of the sale shall be returned to the company at the agreed upon time.
3. The issuance agent may conduct the sale based on an agreement with the company.

Article (71)

The Loan Bonds Secured with funds or symbolic Property

If the loan bonds are secured by movable or immovable funds, or by other symbolic property, or by others types of collateral, guarantees or mortgages, that property and funds shall be put as a security of the loan, and document it prior to delivering the money of the sale in the loan bonds to the company in accordance to the applied legislations.

Article (72)

The currency of the loan bonds issuance shall be subject to the Associations approval, if it is other than the national currency.

Article (73)

Failure to Cover All the Bonds within the Specified Period

The Association may decide the minimum required, of not less than 66% to cover the sale during the decided period.

Article (74)

The Conditions for Issuing Convertible Loan Bonds

The company may issue loan bonds which are convertible to shares given that the Board of Director's decision include all the rules and conditions based on which the conversion of the bonds to shares is performed in accordance to the --- law of the Association.

Article (75)

The Association of the Loan Bonds Holders

1. An Association called the Association of the Loan Bonds Holders shall be formed in each issue from the owners of the loan bonds.
2. The Association of the Loan Bonds' Holders shall appoint a trustee for the issue, or re-appoint the trustee in accordance with the instructions of the Association.
3. The issuance trustee shall be licensed by the Association in order to practice this activity.

Article (76)

The Duties of the Loan Bonds Holders' Association

1. The mission of the Loan Bonds Holders' Association is the protection of its owners rights, and making the necessary arrangements for the protection of these rights in cooperation with the issuance trustee.
2. The Loan Bonds Holders' Association meets for the first time based on an invitation from the Board of Directors of the Company issuing the bonds. The appointed issuance secretariat shall handle inviting the Association afterwards.

Article (77)

The Powers of the Issuance Secretariat

The issuance secretariat shall handle the following powers:

1. Representation of the Loan Bonds Holders' Association in front of the judiciary as a prosecutor or prosecuted, as well as representing it in front of any other party.
2. Handling the secretariat of the Loan Bonds Holders' Association's meetings.
3. Conduct all necessary work for the protection of the Loan Bonds owners' rights and its preservation.
4. Any other duties as assigned by the Loan Bonds Holders' Association.

Article (78)

The Issuance Secretariat's Invitation for the Company's General Assembly's Meetings

The borrowing company shall invite the issuance secretariat to the meetings of the company's general assembly, and he shall attend these meetings, and make his remarks. He shall not have the right to vote on the general assembly's decisions.

Article (79)

The Meetings of the Loan Bonds Holders' Association

1. The issuance secretariat shall invite the bonds' owners to meet whenever that is seen necessary.
2. The Bonds' Owners' Association shall be invited according to the rules specified for inviting the common general assembly. The same provisions applicable to this assembly shall be applicable to the invitation and its meetings.
3. The company may bypass the loan bonds conditions if approved by the Loan Bonds Owners' Association by a majority vote of two thirds of their represented votes in the meeting, given that the bonds represented in the meeting are not less than the absolute majority of the total value of the issued and sold bonds.
4. The issuance secretariat shall inform the Association, the companies' controller, the company which issued the bonds, and any securities stock exchange which the bonds are listed at, of the decisions of the Loan Bonds' Owners' Association.

Article (80)

The Company's Right to Extinguish the Loan Bonds

The issuance conditions may include the company's right to recall the loan bonds for extinguishing according to the prospectus.

Section Eight
The Public offer
Article (81)

The Securities with Voting Rights

1. For the purposes of this section, the securities eligible to vote means the securities which have the right to vote in the shareholders general assembly meeting.
2. The Association may specify, by instructions, other securities which are eligible to vote

Article (82)
Disclosure of Ownership of the Main Owners

1. The Stock exchange shall inform the Association about any individual who owns 10% or more directly or indirectly of the issuer's securities which are eligible to vote, within twenty-four hours of obtaining the information.
2. Any individual purchasing or selling securities of an issuer directly or indirectly (including purchase or sale through beneficiaries' rights) which may exceed ten percent of the securities eligible to vote, shall notify the Association and the Stock exchange within seven work days.

Article (83)

Any individual requesting a public offer, shall present to the Association, issuer and the stock exchange, if the securities were listed in the stock exchange, a report about himself and the public offer prior to requesting the offer. He shall publicize that offer according to the instructions of the Association and the stock exchange rules.

Article (84)
The Basis and Conditions of the Public offer

1. The offer made to all owners without any exception, of any security of the issuer shall be considered a public offer.
2. The individual who has requested the public offer shall pay to any individual of the owners of the securities which were the target of the public offer and which he desires to sell, an amount equivalent to the highest price he paid to any of the sellers without distinction.
3. If the securities whose owners wish to sell to the individual, who presented the public offer, exceed the securities which the individual has committed to buy, the purchase occurs from those wishing to sell each according to the percentage of the securities he offered for sale in comparison to the number of securities required for purchase.

Article (85)
Specific Purchase through Public Offer

If the purchaser intends to purchase securities eligible to vote, where the number of eligible securities to vote which he/she will directly or indirectly own equals (10%) or more of the issuer's securities (or the result of which will be that the purchaser is able to control this issuer), the purchase of these securities shall be conducted through public offer.

Article (86)

The Powers of the Association With Regards to Public Offer

In order to ensure correct procedures of the public offer, and to ensure there is no distinction for the owners of the securities that are the subject of the public offer, the Association may issue instructions specifying the following:

1. The format and content of the reports and notifications mentioned in this section
2. The procedures that the purchases has to abide by at the public offer including the durations during which the purchase offer remains open, and the collateral which the purchaser provides to ensure performance, and the public offer conditions.

Section Nine


Fraud, Deceit, and Taking advantage of Unpublished Information

Article (87)

1. It is prohibited for any individual who has a direct or an indirect relation regarding any deal, including the purchase, sale, or exchange of securities, or providing any investment advice, or any delegation, or approval, or representation or any other information whether obtained from the securities' owners or published about any meeting or any other activity conducted by the owners of the securities or any bid for sale of securities or any attempt to support or reject the acquirement request, to do the following:
 - a. Use any method or trick to deceive another person
 - b. Do any practice or act which includes deception or fraud directly or indirectly.
2. Use fraud and deception in the convincing process to influence any person's decisions including:
 - a. Information which was false, misleading, or deceptive
 - b. Concealing and deluding substantial information
 - c. Issuance, extravagant or misleading publication of any bulletin, promise, or forecast characterized as wrong, misleading, or deceptive.

Article (88)

Manipulation and Superstitious Exchange

1. It is prohibited for  which resulted in:
 - a. Superstitious exchange volumes
 - b. Influencing the price of any security in a manner which is misleading to others.

2. It is prohibited for any individual to create whether directly or indirectly a false or misleading image of the volume of the deals, or the price of any security by:
 - a. Exchanging securities which does not include an actual change in the actual ownership or the final beneficiary.
 - b. Issuing an order to purchase or sell such security knowing that a similar matter will occur from this person or others in agreement with him to purchase or sell a similar quantity of these securities at the same time and price.
 - c. Entering into other false deals with the intention of influencing and causing the stock exchange prices of these securities to be volatile, or enlarging them, or just expressing intent to cause volatility.
3. It is prohibited for any individual directly, or indirectly to conduct any securities deal for an issuer who attempts to:
 - a. Raise its price to urge the purchase of that same security or another security of the same issuer
 - b. Or by decreasing the price for the purpose of urge others to sell the same security or another security of the same issuer.
 - c. Or by creating an exchange process, actual or imaginary, for urging others to purchase of sell the security or another security.
4. The Association may specify by instructions any of the other violating actions which are considered manipulation or superstitious exchange that are not mentioned in this chapter.

Article (89)

The Exchange of the Conversant

1. It is prohibited for any conversant, during possession of unreleased information, to purchase or sell directly or indirectly, for his account or for another, securities specific to any issuer relevant to that information. The conversant is not considered in defiance:
 - a. If he clarified that the information is not information which needs to be released.
 - b. If the other side [REDACTED] information
2. From the moment, a subject which requires publishing by an issuer in accordance to this law, and until the time of disclosure in accordance with its regulations, the following individuals and those aware of the subject are prohibited from dealing directly or indirectly in the securities of the issuer and his partners:
 - a. The issuer
 - b. Any companies belonging to the issuer
 - c. Any dominant shareholder, member of the board of director, manager, official, conversant employee, conversant agent or any conversant individual dealing with the issuer or with any company which belongs to the issuer or the stock exchange and Association's employees.
3. It is permissible for the Association to specify by instructions the belonging companies and the dominant shareholder for purposes of this article.

Article (90)
Reporting About Transactions by the Managers and the Officials

The issuer's managers and officials shall immediately notify the Association of the sale, purchase, dealing of any securities which belong to the issuer or any other relevant source whether it be by buying or selling or acting for that individual's account, or for an account put under his control or monitor.

Article (91)
The Power of the Association

If the Association found that any individual has defied or took preliminary measures to violate this law, or any of the bylaws, instructions or the decisions issued by it, it has to order that individual to remove this violation and correct the resulting situations. In case of disobedience, the Association has the power to do the following:

1. Suspend any licensing request presented to it, therefore stopping the issuance of the specific securities or dealing in them
2. Suspend any activity relevant to the securities, or relevant to special securities for any duration seen appropriate
3. Cancel the license of the violator, or suspend it for a period of time
4. Transfer the matter to a specialized court to make its decision through a quick procedure.

Section Ten
The Civil Responsibilities
Article (92)
The Responsibility of the Issuer

1. The person who has signed a licensing request according to this law shall be responsible towards any individual who obtained securities from an issuer according to the prospectus, for any damages caused to this individual as a result of the prospectus containing incorrect substantial information, or if it had missed mentioned substantial information that is required or important to make the information not misleading.
2. For purposes of paragraph (1), each manager of any issuer is considered to approve the issuance request if he/she was in his position the day the Board of Directors approves the final format of the prospectus, unless he/she proves otherwise in which case the person in his position is held responsible.

Article (93)
The Responsibility of the Experts

Any individual who presents an opinion, report, study, or certificate included or pointed to in the prospectus included in the issuance request approved by the Association with regards to the matters mentioned in this opinion, report, study or certificate, is considered responsible for the wrong substantial distortion of a certain reality or the inattention to

mention that substantial information in the prospectus to the same extent that the person is held responsible in accordance to the provisions of article (91).

Article (94)
Exemption from Responsibility

Any individual proving the following shall be exempted from the responsibility listed in article (92/1) and (93):

1. That he has taken all the necessary steps to ensure that the prospectus, opinion, report, study, or the certificate do not contain any wrong substantial distortion or inattention to the mention of substantial information.
2. That the person who obtained the securities was informed or should have been informed that the prospectus, opinion, report, study or certificate contained wrong substantial distortion or inattention to mention substantial information.
3. That the person who has obtained the securities, obtained them after being notified of the adjustment which corrects the wrong distortion in accordance to the provisions of this law.

Article (95)
The Personal Responsibility

Each of the following shall be considered responsible:

1. Any person who provided assistance to another person which resulted in a violation of the provisions of this law, bylaws, instructions or stock exchange rules, and he is knowledgeable about this violation, is held responsible in accordance to the provisions of this law.
2. Any person who has the power and actually exercises the decision making power with regards to any person who violates this law, bylaws, instructions, or stock exchange rules in accordance to the provisions of the law.
3. The managers, partners, and top administrative officials of an incorporeal person are held responsible for any violating acts of that incorporeal person, unless they prove that they were not informed and were not able to be informed of this violation
4. All fees and fines imposed by the Association in accordance to the law, bylaws and the instructions issued by the Association shall be paid.

Article (96)
Responsibility by Symbiosis and Solidarity

If two or more persons are responsible according to articles (92.1) and (93) and (3/2/1/59) then they are responsible by symbiosis and solidarity towards the harmed person. Their responsibility amongst them shall be subject to the general rules fostered according to the civil law.

Article (97)
Cancellation of Possession

In addition to the other preventive measures available to the purchasers of the securities according to this law or any other law, any individual who has purchased securities from an issuer in a general subscription according to an prospectus that contained wrong substantial distortion or inattention to a substantial information which should have been mentioned or was essential to make the bulletin not misleading, or was not delivered to the purchaser in the manner required by this law, he may cancel this possession and demand complete refund of the amount or any other compensation paid by that person given that the purchaser demands this within a reasonable period after becoming aware of the wrong distortion or the inattention given that the duration does not exceed in any case the listing of the issuer in the stock exchange or two years after the possession whichever is less.

Section Eleven
Investigation and Punishments
Article (98)
Investigation

1. For purposes of implementing this law, the specialized employees of the Association shall enjoy the powers of the judicial controllers.
2. The Association possesses the power to conduct the investigation whenever that is seen necessary, directly after the occurrence of any violation by any individual or upon expecting the occurrence of any violation of the provisions of this law, bylaws, or the accordingly issued instructions.
3. In case of non-conformity by the individual to the warrants issued to him or refusal to present the documents requested by the Association that should be implemented with the assistance of the general prosecutor.

Violations
Article (99)

1. It is prohibited for any individual to propagate or promote rumors or release information, data, misleading or incorrect statements which may affect the prices of the securities listed in the stock exchange or the reputation of the issuing party.
2. It is prohibited for any person to deal in securities individually or -----
 - a. Delude the public of the presence of an actual exchange in securities or urge them to deal in it.
 - b. Perform deceptive and unreal operations meant to delude the public of false activity in the securities stock exchange.
 - c. To have a negative influence on the stock exchange in any form.
 - d. To perform any illegal business against securities meant to influence the prices of the securities in order to realize quick profit
 - e. Give numerous purchase or sale orders by one person to more than one intermediary for one type of shares during one exchange duration.
 - f. Provide false or misleading information to the Association for the purpose of obtaining the license

- g. Getting to raise or lower the prices of securities by deceit, misleading and dishonesty.

Article (100)
The Punishments

1. Any person in defiance of the provisions of this law, bylaws, instructions, or the accordingly issued regulations shall be punished by imposing a fine not exceeding a hundred thousand Jordanian Dinars (100,000) or its equivalence in the legally used currency, or by imprisonment for a period not exceeding one year, or the two punishments jointly, in addition to obliging the person in violation of refunding the profit earned or covering the value of the loss incurred on others.
2. The partner, meddler, and provoker are subject to the provisions of paragraphs (a) and (b) of this article.
3. The person convicted of any violation shall be responsible for the compensation of any individual harmed as a result of the violation of the equivalent of the loss which that individual has incurred and the profit he lost.
4. In addition to imposing the fines listed in this article, and after what the Association proves with regards to any violations of this law, bylaws, instructions or any of the stock exchange rules, the court may also do the following:
 - a. Order the freezing of the person's assets to ensure the availability of sufficient funds to cover any future expenses of fines or damages.
 - b. Appoint a judicial controller for these assets
5. The court ,by request from the Association, may do the following:
 - a. Cancel any order, approval, or representation obtained as a result of violating this law
 - b. End or annul the purchase, sale, or issuance which was conducted or will be conducted as a result of violating this law
 - c. Prohibit the exercise of gained voting rights during a deal which was reached as a result of violating this law

Article (101)

1. Notification in the securities related cases is done in accordance with the applicable laws. It is permissible to notify any individual whose residence or work place is out of Palestine, either at his selected address in Palestine if available or by advertising in one daily newspaper at least and sending a copy of the notification letter by registered mail, or express mail to the address abroad known to the Association.
2. Despite what is listed in other legislations, proofs in the cases relevant to securities and the transactions occurring at the Association and the stock exchange may consist of electronic data or data from the computer, telephone records, and fax and telex correspondence.

Article (102)
Investigation by the Stock exchange

1. The Stock exchange has the power to investigate when ever necessary upon the occurrence of any violation by any individual, or upon expectation of the occurrence of any violations of the provisions of this law and the stock exchange rules.
2. The person in violation shall be transferred to the Association based on a report from the stock exchange with its recommendations in order to impose the disciplinary or punitive procedures against the violator.

Section Twelve
Final and Transitional Provisions
Article (103)

1. Any person owning or controlling 10% or more directly or indirectly of the securities of one company, shall notify the stock exchange within sixty days of the date this law became effective.
2. All public shareholding companies should present a request to enlist in the stock exchange.
3. All existing public shareholding companies should present a request to enlist in the stock exchange and correct its status to comply with the provisions of this law within six months of its effectiveness.

Article (104)

Despite what is stated in the applicable law of the fees of the receivables stamps, the securities prospectuss, its registration, and the processes and transactions of securities exchange shall be exempted from the receivables stamps fees.

Article (105)

The Council of Ministers shall issue the necessary bylaws for the implementation of the provisions of this law within two months of the date of its effectiveness.

Article (106)

Any provision in defiance of the provisions of this law shall be cancelled.

Article (107)

All specialized parties, each in its specialization, shall implement the provisions of this law. It is to be implemented thirty days after its publication in the official newspaper.

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Rawhi Fattouh
Chairman of the Palestinian National
Authority