

Palestine Capital Market Authority

Disclosure Instructions

No. (5) For the year 2008

Issued by the Board of Directors of the Palestine Capital Market Authority

**In reference to the provisions of article (11) of the Securities Law No. (12) For the
year 2004**

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In reference to the provisions of article (11) of the Securities Law No. (12) for the year 2004

Article (1)

1. The following words and expressions have the specific meanings hereunder unless the context indicates otherwise:

Law	Securities Law No. (12) For the year 2004, as amended.
PCMA	Palestine Capital Market Authority Law No. (13) For the year 2004, as amended.
Authority	Palestine Capital Market Authority.
Board	PCMA Board of Directors.
General Manager	PCMA General Manager.
Person	The natural person or the body corporate.
Market	Palestine Securities Exchange.
PSE Board of Directors	Palestine Securities Exchange Board of Directors.
Executive Manager	PSE Executive Manager.
Centre	The Centre for Depository and Transfer.
PSE Rules	PSE Regulations and instructions adopted by the PCMA as well as the instructions, resolutions and guidelines issued by the PSE pursuant to the Regulations and instructions.
Security	Shares, bonds and investment units issued by the PA, government institutions, municipalities, stock companies or Investment Funds and any Securities that can be subject to Trading according to the provisions of Law.
Investor	The person who deals in Securities (purchase and sale) for profit.
Shareholder	A person who owns a share in the company.
Public	Persons who directly or indirectly are affected by the financial and investment activities in the PSE.
The Listed Company	The stock company that lists its Securities in the PSE pursuant to the provisions of Law, Regulations and instructions.
Subsidiary Company	The company that is controlled by another company (Parent company), the latter owning more than half of its capital and / or having control over the composition of its Board of Directors.
Allied company	A company which has control over another company or is controlled by a company or is jointly- controlled

Holding Company	with a company by another at a rate ranging from 20% to 50% without issuing a consolidated budget. The company that has financial and administrative control over a company or several affiliated companies through owning more than half of their capital and / or having control over the composition of its Board of Directors.
Issuer Company	The body corporate, authorized by the PCMA that issues Securities or declares his willingness to release.
Issuance Publication	The Publication accredited by the PCMA to float Securities for the issuance company in circulation. It includes a full Disclosure of information that enables the Investor to take the investment decision.
Securities Company	The stock company or a branch of the foreign company duly registered in Palestine according to the companies Law and Securities Law, authorized by the PCMA and a PSE member. It exercises activities related to Securities Trading for its own or others` account and/ or any other activity set by the PCMA.
Financial Dealer	Any employee of the Securities Company authorized by the PCMA and accredited by the PSE to trade in Securities on behalf of the Member Company and insert purchase and sale orders via the e- Trading system.
Investment Consultant	The person licensed by the PCMA, whose job is to advise and give consultations for the Public in for his own account or for the Securities Company`s account in lieu of a payment or a Commission in the field of Securities investment after these are issued. He also issues reports, conduct researches and feasibility study related to Securities.
Financial Consultant	The natural person, licensed by the PCMA, whose job is to advise and give consultations for Issuers and the Investment Consultant in matters of Securities issuance, floating them in the initial offering, issuing reports, conducting researches and feasibility or any future change in the financial position of the Issuer.
The Trustee	The body corporate, licensed by the PCMA, responsible for the proper preservation of Securities.
Head Manager	Body corporate, licensed by the PCMA, who administers Securities issuance or their Marketing in lieu of the Issuer.
Issuance Agent	The natural person or the body corporate licensed by the PCMA to sell Securities in lieu of the Issuer.
The Underwriter	Body corporate licensed by the PCMA to purchase Securities from the Issuer and re-sell them.

Investment Fund	The stock company or the registered contract or the foreign company branch authorized by the PCMA to invest money.
Fund Manager	The body corporate licensed by the PCMA to establish and administrate funds.
Fund Trustee	The body corporate, licensed by the PCMA, who monitors funds activities and commitments.
Investment Manager	The body corporate, licensed by the PCMA, who selects investments.
Dominance	Indirect or direct ability to affect actively on some other person`s decision and activities. It can be achieved if someone owns 50% or more of the company`s shares.
Disclosure	Revealing information or material details that are of interest to both current and future Investors as well as the Public and may affect Securities prices.
Material information	Occurrence or information of importance that may affect the company`s profitability, financial position, Securities prices issued by the company or a person`s decision to dispose of these Securities or not.
Interest	Direct or indirect benefit coming from contracting or dealing in any activity subject to the provisions of Law and these instructions.
Internal information	Unannounced information that may affect Securities prices when announced.
Misleading	Any incorrect statement related to any material information, or any omission or concealing of any material information or any other information necessary for providing accurate, correct and complete data.
Acquainted Person	The person who is acquainted with the internal information due to his position, job, property or relation directly or indirectly to those who possess such information.

2. The undefined words and expressions, in the following instructions, have their specific meanings in Law and the instructions issued there under unless the context indicates otherwise.

The Execution of Instructions Scope

Article (2)

The provisions of these instructions are applicable to the following:

1. PCMA, including:
 - a. Chairman and members of the Board of Directors.
 - b. General Manager.
 - c. Administrations General Managers.
 - d. PCMA managers and employees.

2. PSE and the Center of Depository and Transfer, including:
 - a. Chairman and members of the Board of Directors.
 - b. Executive director
 - c. Department managers and PSE employees.
 - d. The Centre of Depository and Transfer and employees.
 - e. Securities Companies.

3. Issuing companies.

4. Acquainted Persons and related parties.

5. Financial professionals.

6. Investment Funds, including:
 - a. Fund director and employees.
 - b. Fund Trustee and employees.
 - c. Investment director and employees.

Chapter One

Applicability of Disclosure Instructions

Article (3)

1. The provisions of these instructions enter into effect and are applied in accordance with the Disclosure Regulation issued by the PSE. In case of any contradiction between the two, these instructions shall prevail.
2. In the event of not having a text in these instructions that decides a case of Disclosure, the provisions stated in the PCMA generalizations issued in this respect are applied.

Article (4)

The PCMA is entitled to take proper procedures to obtain information that should be disclosed according to Law and the instructions issued thereunder, In order to implement all that is mentioned in these instructions and supervise those authorized and subject to its control in accordance with the provisions of Law, Regulations and instructions issued thereunder.

Chapter two

The PCMA Disclosure Department

Article (5)

1. The PCMA Disclosure Department is the authorized party to receive and follow up information that shall be disclosed as well as all Disclosure reports from the persons subject to its supervision and control.
2. The Disclosure Department is entitled to demand the acquaintance of all records, financial data as well as documents related to the issuing company, the Securities Company, PSE and those subject to its control upon which the provisions of these instructions are effective.

Article (6)

The Disclosure Department in the PCMA, for the purpose of executing its duties, is entitled to do the following:

1. Obtaining all information, data and documents necessary for carrying out its obligations.
2. Verifying documents, information, papers and data specific to the persons subject to the provisions of these instructions.
3. Keeping copies of records, financial data, and documents related to persons subject to its control, which resulted from the procedures stated in paragraphs (1) and (2) of this article.

Article (7)

1. In case of any employee working at the Disclosure Department having certain doubts that a breach to any provisions and instructions related to Disclosure has taken place, the matter is submitted to the inspection department for verification.
2. If, after verification of the records, documents and data related to the persons subject to PCMA control, an administrative breach has been committed; the file is submitted to the legal affairs department at the PCMA Department of Control on Securities in order to set the procedures that have to be taken against the breaching party. The executive administration, afterwards, submits the file to the PCMA Board of Directors to take the right decision.
3. If a felony, misdemeanor or breach resulting from violations to Law and/ or instructions is revealed to the Disclosure Department employees, the Disclosure Department shall submit the file to the legal affairs department at the PCMA Department of Control on Securities to set the procedures that should be taken against the breaching party. The executive administration, afterwards, submits the file to the PCMA Board of Directors to take the right decision.

Chapter Three

PCMA Disclosure

The Board of Directors and Director General Disclosure

Article (8)

The chairman of the Board of Directors as well as its members shall, when taking over their duties, disclose to the PCMA Department of Control on Securities in writing. A copy of this Disclosure shall be submitted to the Minister of Finance including the following:

1. Securities of companies listed in the PSE owned by him or put at his disposal, his spouse`s and/ or any first-degree relative`s. This is done through providing the PCMA with a list including his spouse, minor children and/ or first- degree relatives. A copy of this list should be provided to the Centre of Depository and Transfer which, in turn, shall put an indication on those names that shall appear to the PCMA when carrying out any Trading in these Securities.
2. Financial shares owned in any issuing, Holding, Subsidiary or ally company that are at his disposal and/ or that at the disposal of a first-degree relative.
3. The director general shall, when taking over his duties, disclose in writing to the Minister of Finance about the Securities and shares that he owns in any issuing company at his disposal or at the disposal of a first-

degree relative. A copy shall be submitted to the PCMA Department of Control on Securities.

4. The chairman of the Board of Directors, any members, the Director General and any first-degree relative may trade in Securities provided that this is disclosed to the PCMA within three working days, on the condition that these Securities can only be sold after one month of their possession to avoid using any internal information acquainted while executing the job.

5. The chairman of the Board of Directors, any members and the director general bear a personal responsibility for any new conditions concerning their Securities, those at their disposal and/ or those at the disposal of any first-degree relative during the period of their membership.

**Disclosure of the Directors General, Department Directors and
Employees
Article (9)**

1. Each administration director general, department director and employee shall disclose to the director general the following:

a. Securities of companies listed in the PSE owned by him or put at his disposal and/ or at the disposal of any first-degree relative.

b. Financial shares owned in any Issuing, Holding, Subsidiary or Ally Company that are at his disposal and/ or that at the disposal of a first-degree relative.

c. Any interest related to any activity subject to the PCMA control.

2. PCMA employees and first-degree relatives may trade in Securities after the issuance of a resolution concerning their assignment to work at the PCMA, provided that this is disclosed, within three working days, to the director general of the PCMA. These Securities can only be sold after one month of their possession to avoid using any internal information acquainted while executing the job.

3. The administration director general, department directors and employees bear a personal responsibility for any new conditions concerning their Securities, those at their disposal and/ or those at the disposal of any first-degree relative as long as they work for the PCMA.

Chapter Four
PSE and Centre of Depository & Transfer Disclosure
Executive Manager and PSE Board of Directors Disclosure
Article (10)

1. PSE chairman of the Board of Directors and Executive Manager shall, when taking over their duties, disclose to the PCMA the following:
 1. Securities of companies listed in the PSE owned by each of them or put at his disposal and/ or at the disposal of any first-degree relative.
 2. Financial shares owned by each in any issuing, Holding, Subsidiary or ally company that are at his disposal and/ or that at the disposal of a first-degree relative.
 3. Any interest related to any activity subject to the PSE and PCMA control.
 4. The chairman of the PSE Board of Directors, any members, the Executive Manager and first-degree relatives may trade in Securities, provided that this is disclosed, within three working days, to the PCMA. These Securities can only be sold after one month of their possession to avoid using any internal information acquainted while executing the job.
 5. The chairman of the PSE Board of Directors, any members and the Executive Manager bear a personal responsibility for any new conditions concerning his Securities, those at his disposal and/ or those at the disposal of a spouse, minor children and/ or first-degree relatives during the period of his membership.

PSE Department Directors and Employees Disclosure
Article (11)

1. PSE Department directors and employees shall disclose in writing to the PCMA and PSE Executive Manager, as soon as they take over their duties, about all Securities owned by them or put at the disposal of a first-degree relative.
2. PSE Department directors, employees and first-degree relatives may purchase or sell Securities, provided that this should be disclosed to the PCMA within three working days. These Securities can only be sold after one month of their possession to avoid using any internal information acquainted while executing the job.
3. PSE department directors and employees bear a personal responsibility for any new conditions concerning their Securities, those at their disposal and/ or those at the disposal of any first-degree relative as long as they work for the PCMA.

PSE Periodical and Annual Reports

Article (12)

PSE shall provide the PCMA with the annual financial report audited by an authorized auditor within three months after the end of the fiscal year. The audited semi-annual financial report should be submitted within 45 days by the end of half a year whereas the audited quarter financial report within 30 days by the end of a quarter year except for the last quarter in the year.

Article (13)

The PSE complies with the rules informing the PCMA immediately, no longer than one working day, of any changes that may occur in a Shareholder`s ratio who directly or indirectly owns (10%) or more Securities in any Listed Company.

Article (14)

1. The PSE complies with the preparation of a daily Publication on trading through the media that shall include the following data:
 - a. Type of Securities traded.
 - b. Price of Trading Securities including the closing date, and PSE index.
 - c. A comparison of daily closing prices with the price of the last closing.
 - d. Volume and number of daily Trading deals.
2. PSE shall be responsible for the credibility and integrity of published information.

Article (15)

The PSE shall disclose to the PCMA the following:

1. The annual, monthly, weekly and daily data that include Trading of each Listed Company and the sector activity concerning the number of Trading Securities, volume of Trading, number of deal, prices and record numbers.
2. The material information and financial data received by the PSE that influence Securities prices and Trading activities.
3. PSE complies with submitting regular reports to the PCMA about the flow of work and progress.
4. The PCMA may demand the PSE to disclose of any information it deems important however and wherever it sees that appropriate.

Article (16)

1. The PSE, its Executive Manager, directors and employees, or the Centre of Depository and Transfer and its employees may not

disclose, to any person, any information related to Securities Member Companies, listed companies dealings and their possessions of Securities or Shareholders dealings and their possessions of Securities contrary to the provisions of Law, Regulations and instructions issued thereunder unless there is a judicial resolution about the matter.

2. With the exception of what is stated in paragraph (1) of this article, The PSE or the Centre and employees may disclose any information related to Securities Member Companies dealings and their possessions, listed companies dealings and their possessions and Shareholders dealings and their possessions if these are considered general information.

3. The restriction stated in paragraph (1) of this article is not applicable on information that needs to be provided for the PCMA according to Law, Regulations and instructions issued thereunder.

Article (17)

Securities Companies shall comply with the Disclosure Regulation issued by the PSE, as well as abiding by the generalizations issued by the PCMA in this respect.

Chapter Five

Issuing Companies Disclosure

Article (18)

The issuing companies shall, when publicizing the general annual report, observe the following governance principles:

1. Providing Shareholders with a full description of risks Management that faces the company in its business areas, mainly financial risks as well as PSE risks.

2. Providing Shareholders with a full description of:

a. Board of Directors` obligations towards Shareholders, mainly giving clarifications of the steps taken by the Board to protect Shareholders` rights and the Board`s responsibility towards institutional governance.

b. Salaries and compensations given to Board of Directors members.

c. Strategic trends of the company, setting general objectives of the executive administration as well as supervising the implementation of such objectives.

d. The competitive status of the company, its share in the PSE and future plans.

e. Names and addresses of Board of Directors members and their business areas.

Article (19)

1. Taking into account these instructions and the Disclosure Regulation issued by the PSE, the issuing company shall inform the PCMA as soon as possible and/ or issue a press statement immediately within (24) hours when any material information is available, especially in relation to the following:

a. Important changes that may occur on the following:

1. Assets

2. Capital structure, including obligations towards others or any retains on the company's assets.

3. Issuing company's production.

4. Changes in the shares property of the issuing company that lead to a change in dominating it.

b. Major deals executed by the issuing company, their cancellation and the Board of Directors' evaluation of their potential impact on the issuing company's profit or financial status.

c. Unrepeated operations that may have a financial impact on the company's profits or its financial status.

d. Fires, accidents and disasters and their expected impact on the issuing company's financial status.

e. Any sudden material losses that affected the financial status of the issuing company while stating reasons.

f. Calling for ordinary and extraordinary meetings of the PCMA and the resolutions issued thereunder.

g. Forming a new Board of Directors for the issuing company, vacancies in the positions of any member of the Board of Directors or its director general while stating the reasons as soon as this occurs, Board of Directors procedures and resolutions in appointing new members in the Board or appointing a new director general for the company stating the qualifications of the person appointed.

h. The issuing company's, any branches, factories or subsidiaries suspension of work stating reasons.

2. If any material information was published in the media about any issuing company that may affect the Security price of the company, it shall issue a statement confirming, denying or clarifying this information immediately, before the Trading session next day, as well as provide the PSE and PCMA with a copy of that.

3. The chairman and members of the Board of Directors, the director general or any Executive Manager of the issuing company, who are

acquainted, shall not give press statements based upon personal beliefs that may mislead the Public regarding the current performance of the company and future expectations in this respect.

Article (20)

Taking into account article (103) of the Law, the issuing company, that has not met all the listing conditions according to the listing Regulation in force at the PSE, shall disclose the PCMA with the following:

1. The company`s Board of Directors report that shall present the following:

a. The company`s achievements during the fiscal year furthered with numbers.

b. The company`s competitive status and its share at the PSE for the last five years or since its incorporation.

c. The changes occurring in the company`s equities during the last five years or since its incorporation.

d. The analysis of the company`s financial Centre as well as its activities results during the fiscal year.

e. A statement with the names of the company`s Board of Directors members or partners, their salaries, compensations and suits granted.

2. The annual financial data within three months after the end of the fiscal year as well as the financial data within (45) days after the end of half a year audited and compared with the previous year including the following:

a. General balance.

b. Income list.

c. Monetary flow list.

d. Financial data clarifications.

e. The company`s auditor`s report on the annual financial data including that audit procedures have been duly executed.

f. The company`s administration acknowledgment, on the basis of its knowledge and belief, that there aren`t any material matters that may affect the continuity of the company during the next fiscal year.

Chapter Six

Disclosure of acquainted persons and related parties

Article (21)

The issuing company shall notify the PCMA, in writing, with the names, posts and qualifications of the top executive administration when elected, appointed or quitting for any reasons within a working day.

Article (22)

1. The acquainted person at the issuing company shall notify the PCMA, in writing, of his and first-degree relatives` properties of Securities issued by that company within one week of the date when he was elected or appointed.
2. Issuing company`s directors and managers shall notify the PCMA of the sale, purchase or disposal of any Securities that are returnable to the issuing company or any Subsidiary or ally company whether this sale, purchase or disposal is for this person`s or others` account.

Chapter Seven

Financial Professionals Disclosure

Article (23)

Securities Companies authorized by the PCMA to practice the Investment Consultant activities, when issuing a report or Publication recommending the purchase, sale or keeping a certain Security, shall disclose any direct or indirect interest gained from that Security, to any partner, manager or acquainted person in the company or in relation. The Disclosure shall include a full and clear statement of the following:

1. Company`s property, or the property of any partner or employees in the Security or any Security issued by that source.
2. Any Commission, compensation received by the company or any partners or employees or expected to be received from any person in relation to any Trading in that Security.
3. Any engagements or financial arrangements to the company, partners or employees with the Head Manager or any other person relating to that Security.
4. The company`s, partners` or employees` execution, within the past twelve months, of The Underwriter`s duties for that Security, receiving any payment or Commission from the Security Issuer or if the company, any Board of Directors members, executive administration, partners or manager will receive any payment or Commission resulting from the recommended procedure.

Article (24)

The company authorized to practice The Underwriter`s activities shall disclose the name of any person or a first-degree relative that owns an interest of (5%) or more in its capital, on its Publications that includes any offer or listing related to Trading in

any Security or Issuance Publication in which the name of the company appears as an Underwriter.

Article (25)

The provisions of Disclosure related to Securities stated in the Disclosure Regulation issued by the PSE shall be applicable on The Trustee, Financial Consultant, Investment Consultant, Head Manager, Issuance Agent and The Underwriter to an extent that these provisions do not contradict with the legal status of each of them.

Article (26)

Securities Companies as well as all financial professionals shall inform the PCMA of any changes in the conditions that may affect their status within a working day from the date of the occurrence, such as the following:

1. Suspending the licensed activity.
2. Suspending the hiring of Executive Managers, administrative officers and supervisors who were licensed conforming the authorized Securities.
3. In case of any occurrences that may harm the financial status of the authorized.

Article (27)

All financial professionals licensed by the PCMA shall provide the PCMA with monthly reports about their and first-degree relatives` dealings in Securities (purchase or sale) within three working days after the end of the month in which dealings were practiced.

Chapter Eight

Investment Funds Disclosure

Article (28)

1. The Investment Funds complies with the provisions of Disclosure stated in chapter (19) of the Investment Funds license issued by the PCMA.
2. The provisions of Disclosure related to Securities Companies stated in the Disclosure Regulation issued by the PSE are applicable to the Investment Fund, all related persons such as the Fund Manager and employees, cashier and employees, Investment Manager

and employees to an extent that these provisions do not contradict with the legal status and work of each of them.

Article (29)

Investment Funds and all related persons such as the Fund Manager, cashier and Investment Manager, shall inform the PCMA of any changes in the conditions that may affect their status within a working day from the date of the occurrence, such as the following:

1. Suspending the licensed activity, or practicing unauthorized additional ones.
2. Suspending the hiring of Executive Managers, administrative officers and supervisors who were licensed conforming the Investment Fund activities.
3. In case of any occurrences that may harm the financial status of the fund.

Fines and Breaches

Article (30)

The PCMA may, in the case of any breaches to the instructions, take the disciplinary and/ or administrative procedures or impose fines or penalties in accordance with the fines and penalty Regulation issued.

General Provisions

Article (1)

Any proceedings against the chairman of the Board of Directors, members of the Board, director general or PCMA officers shall not be allowed if these are acting in accordance with the Law, Regulations, instructions and resolutions issued thereunder.

Article (2)

All competent parties shall execute these instructions, entering in force on 1/4/2008 and published in the office gazette.

Issued in Al-Bireh on: 1//2008 A.D.

Corresponding to: 24/ Rabee` Awwal/142 A.H.

Maher Al-Masri
Chairman of the Board of Directors