

Palestine Capital Market Authority PCMA

Instructions for Licensing Investment Funds Issued by the Board of Directors of Palestine Capital Market Authority According to the Provisions of Article 11 and Articles 50-66 of the Law of Securities No.12 for 2004.

Definitions

1- The following words and expressions, wherever they occur, shall have the meanings assigned to them indicated below, unless the context otherwise denotes:

Law:	The Law of Securities No.12 for 2004 and any amendments thereto.
Authority:	Palestine Capital Market Authority.
Market:	Palestine Securities Exchange.
Center:	The Depository and Transfer Center in the Market.
Securities:	Shares, bonds and investment units issued by shareholding companies, governmental institutions, funds, and any other tradable securities according to law provisions.
Company:	A public or private shareholding company.
Holding Company:	A company which has financial and managerial control over a subsidiary or many subsidiaries through the acquisition of more than half of their capital and/or has control over forming their Boards of Directors, or owns more than 50% of their shares.

Subsidiary:	A company which is under the control of another company (parent company), and is owned by it at not less than half its capital, so that it will control the formation of its Board of Directors.
Allied Company:	A company which controls another company or is controlled by a company which shares another company in being controlled by another company at a percentage ranging between 20%-50% without a consolidated balance sheet being issued by the company.
Control:	The direct or indirect ability to exercise an effective influence on the business and decisions of another person. Control is realized if any person acquires more than 50% of the company's shares.
Owner:	A person who directly or indirectly owns more than 5% of a fund's capital.
Main Owner:	A person who directly or indirectly owns 10% or more of the investment units of a fund.
Public:	The persons who are directly or indirectly affected by the financial and investment movement in the Market.
Person:	A natural or legal person.
Investment Fund:	A shareholding company, a registered contract or a branch of a foreign company licensed by the Authority, in which funds are used for investment.
Open Fund:	An Investment Fund with a changeable capital, so that the total amount of the funds invested in it changes according to the change in the number of

its investment units which are issued and recovered without restrictions.

- Closed Fund:** An Investment Fund with a fixed capital, so that the nominal value of its Investment Funds does not change, except on fixed and regular dates. Investors' shares are equal in rights and obligations.
- Investment Manager:** A legal person licensed by the Authority who exercises the functions of investment selection.
- Fund Manger:** A legal person licensed by the Authority to establish and manages funds.
- Fund Custodian:** A legal person licensed by the Authority who exercises the functions of custody of the investors, and confirms their rights according to a contract, and against fees agreed between the unit owner and the custodian.
- Fund Trustee:** A legal person who is licensed by the Authority to control the fund's activities and obligations.
- Fund Auditor:** The certified auditor who is responsible to do the auditing work for the fund.
- Fund's Administrator:** A professional natural person who is approved by the Authority to manage the fund's daily executive transactions.
- Additional Services Provider:** A legal person licensed by the Authority that provides additional services, such as the underwriter or the issuance agent.
- Foreign Fund's Representative:** A natural or legal person licensed by the Authority who represents the foreign investment fund to obtain the Authority's license, registers.

with the Market, and represents it before official parties and others.

The Invested Money: The total value of the investment units invested in a fund.

The Fund's Capital: The fund's subscribed and fully paid up capital.

Financial Solvency: The ability to honor the obligations to the fund investors. It is measured according to financial criteria determined by the authority.

Holder of Investment Unit: A natural or legal person who owns investment units.

Issuing Expenses: An amount paid by the investor when he purchases the investment units issued by a fund to cover the Issuing Expenses: such as selling, marketing and distribution. It is calculated as a percentage of the net asset value. The Issuing Expenses are not paid or deducted from the monies of the fund itself.

Redemption Expenses: An amount paid by the investor when redeeming the value of the recovered amounts by the fund. It is calculated as percentage of the net assets value; the Redemption Expenses are not paid or deducted from the monies of the fund itself.

Registration with the Market: Recording the closed fund in the Market's registers.

Subscription: Offering the Fund's Investment units for public subscription by the Public.

The Prospectus: The publication approved by the Authority for offering the Fund's Investment units for public subscription, and any amendments made thereto, and approved by the Authority.

Underwriter	A legal person licensed by the Authority to purchase Securities from the issuer and re-sell them.
Issuance Agent	A Legal person licensed by the Authority to sell Securities on behalf of the issuer (the fund).
Issuance Manager:	A legal person licensed by the Authority who carries out the functions of managing the Securities issues and/or markets them on behalf of the issuer (the fund).
Net Assets Value:	The value of investment units calculated according to the International Financial Standards is included as Net Assets Value in the funds audited financial statements.
Net Realized Value:	The value of the units of the funds they issue and recover their units in regular time periods is calculated to determine a fair redemption price for the units in cases where the redemption price is different from the Net Assets Value, and is usually less than the Net Assets Value.
None-liquid Assets:	The assets which are difficult to sell immediately through the Market means in which the Public exchanges are usually mad at a value similar at least to the value at which the assets were evaluated when calculating the Net Assets value or the Securities which are under restrictions, and which their re-sale for any reason is prohibited.
Related Party:	Any employee in a responsible managerial position in the fund, or a person authorized to sign on behalf of the fund, or an informed person who has knowledge of significant information which affects the Fund's Investment units, the auditor of the

fund accounts, or any of the fund founders or the members of its Board of Directors.

- 2- The words and expressions not defined in these instructions shall have the meanings assigned to them in the Law, unless the context otherwise denotes.

Chapter One

The Fund's Legal Form

Article 2

An investment Fund shall take one of the following forms:

- 1- A shareholding company duly incorporated for the purposes of establishing a Close or Open-ended Fund.
- 2- A contract which establishes a fund attached to an existing company so that this fund shall be registered with the Authority and shall be Open or Closed-end Fund.

Types of Funds

Article 3

The investment Funds shall be as follows:

- 1- The open-ended Fund with a changing capital which issues and offers investment units for Subscription and may recover the investment unit daily. It takes the form of a shareholding company, or is attached to an existing company, or is attached to an existing company, and is not registered to list in the Market. It may be converted to a Closed-ended Fund according to its by-laws, and the provisions of these instructions.
- 2- The Closed-ended Fund with a fixed capital which does not continuously change and issues and offers investment units for Subscription when increasing its capital. It takes the form of a public shareholding company, or is attached to a

public shareholding company and is registered and listed in the Market, and may be converted to an Open-ended Fund according to its by-laws and its Memorandum of Association, and these instructions.

Chapter Two

Establishing the Fund

Article 4

- 1- The fund shall be established according to the provisions of Article 2 above, and shall take one of the forms indicated in Article 3 below.
- 2- When establishing the fund according to paragraph 1 above, the Fund Manager shall take charge of establishing it, and he shall prepare the following:
 - a) By-laws for the fund.
 - b) A prospectus for the fund, to be presented to the Authority to obtain its approval and licensing in advance. The Prospectus shall include the issues indicated in the Prospectus instructions issued by the Authority. The Fund Manager may make amendments to it after obtaining the prior Authority's approval thereof.
- 3- The Fund Manager shall conclude a contractual agreement with the Fund Administrator who shall work as an employee under his supervision.
- 4- The Fund Manager shall conclude a contractual agreement with each one of the following:
 - a) The Fund Auditor.
 - b) The Investment Manager.
 - c) The Fund Custodian.
 - d) The Fund Trustee.

They may not have mutual interests directly or indirectly, and each of them shall be completely independent from the other. It may not be a Holding Company, an

Allied Company or a Subsidiary. They shall cooperate among themselves to realize the fund's objects and the investors' interests.

- 5- The Investment Manager, the Custodian and the Fund Trustee shall have obtained a license by the Authority before carrying out their business provided for in these instructions. The Fund Manager shall also ensure about they obtain the license before concluding any contract with any of them.
- 6- The Fund Manager and the persons mentioned in Paragraph 4 above shall submit complete information and documents required by the Authority for which they shall be legally responsible.
- 7- The Fund Manager shall review the contracts concluded with the Persons mentioned in Paragraph 4 above. He shall have the right to renew or cancel them at any time when serious violations are committed.
- 8- The functions of the Custodian, Investment Manager and the Fund Trustee may not be combined together.
- 9- The Fund Manager shall apply for licensing the fund at the Authority within 30 thirty days as from the date of the constituent General Assembly meeting of the fund, except if the fund has been established according to a contract affiliated to accompany, the company that fund is affiliated to shall hold a General Assembly meeting for establishing the fund. The Fund Manager shall apply for a license to the Authority within 30 days.
- 10- The Fund Manager shall be prohibited from investing the fund monies before obtaining the Authority's license, according to the provisions of these instructions.
- 11- The Fund Manager shall notify the Authority within 10 day as from the date of the occurrence of any of the events indicated below which the Authority has the right to object to:
 - a) Changing the fund's ownership, such as merger, acquisition or a change in the legal form.
 - b) Changing the authorities of the Investment Manager, the Custodian, and the Fund Auditor or the Fund Trustee.

- c) Changing the fund's location or its registered office.
 - d) Changing the fund's duration or converting it from a Closed-ended Fund to an Open-ended Fund, and vice versa.
- 12- The Fund Manager shall deposit at the Authority copies of the contracts which he concludes with the Investment Manager, the Custodian, the Fund Auditor and the Fund Trustee.
- 13- The Fund Manager shall lay down regulations for control and supervision of the functions of the Fund Investment Manager.
- 14- The Fund Manager shall determine the fund's fiscal year. However, if the fund has been established during the year, the fiscal year shall end on its appointed date irrespective of the date of its establishment.

Chapter Three

Licensing the Fund

Article 5

Following are the conditions for licensing the fund:

- 1- The fund shall be a shareholding company registered in accordance with the companies Law in force, or attached to a shareholding company according to a contract.
- 2- The objects of the said fund shall be limited to collecting and investing the investors' monies in mutual Securities portfolios or in other financial assets, in accordance with the fund's Memorandum of Association and by-laws.
- 3- The applicant shall abide by the Financial Solvency criteria approved by the Authority.

- 4- If the applicant for licensing is a bank or a shareholding company whose objects do not agree with these instructions, then the financial activities shall be carried out through a Subsidiary, an Allied company or a Company fully owned by it. This shall be made after obtaining the approval of all the competent parties in respect of the Company's incorporation and licensing.
- 5- The licensing fees and the annual licensing renewal fees shall be paid according to the fee regulations issued by the Authority.
- 6- The fund shall be prohibited from using the capital except for the licensed activity, otherwise the Authority shall have the right to impose a fine and/or take legal action when any violation is committed.
- 7- Any additional information requested by the Authority for licensing the fund.

Licensing Procedures

Article 6

An application in writing shall be submitted to the Authority to obtain licensing in order to carry out the fund's business. The application shall be on a form prepared for this purpose, and signed by the applicant. He shall declare under legal liability, that the information set out in the application is correct. The following shall be attached to the application:

- 1- Name and address of the applicant.
- 2- Type of the fund and the number and date of its registration, in addition to the registration certificate issued by the Companies controller showing the names of the board members, the names of the Persons authorized to sign on behalf of the fund, and a copy of their specimen signatures. In case the fund is linked

with a Company, the Authority shall be provided with the names of the Company's Board of Directors and their managers.

- 3- Memorandum of Association and by-laws signed by each of the Fund Manager and the Fund Trustee.
- 4- The Prospectus prepared by the Fund Manager.
- 5- Nature of the profession of the applicant and the period of exercising such profession.
- 6- Names and addresses of the members of senior and executive management, their resumes indicating the potentiality of each one of them, his job title, and copies of their identity cards or passports.
- 7- Names of the fund owners and the shares of each one of them, if any of them owns more than 5% of the Fund Capital.
- 8- Name and address of the Fund Auditor.
- 9- Fund organization structure and its preliminary economic feasibility study, the strategic business plan containing the forecasted financial position of the fund during 24 months as from the date of starting its business.
- 10- The written business procedures intended to be applied.
- 11- An agreement form of investing in the fund's units, an account opening form, and forms of statements of accounts of the holders of periodic investment units and the organization sheets necessary for work progress. The applicant may provide the Authority with the forms and sheets provided in this paragraph after obtaining the licensing.
- 12- Rules and procedures which the fund shall apply to ensure effective control of the business to be licensed.
- 13- Any other data considered important or appropriate by the Authority to consider the licensing application.

Article 7

- 1- Each Investment Fund shall have a memorandum and by-laws.
- 2- Fund's by-laws shall include the following:
 - a) The fund's name.
 - b) The fund's duration.
 - c) Type of the fund.
 - d) The fund's objects.
 - e) The Fund's Capital.
 - f) The fund's currency.
 - g) The fund's investment objectives.
 - h) Value of the investment unit.
 - i) Fund's investment policy described accurately and clearly.
 - j) Principles and criteria of diversifying the Fund Investments.
 - k) Policy and method of managing the fund and taking decisions.
 - l) Name of the Fund Manager and the Fund Trustee, the number and date of their registration with the Authority, a brief account about each of them, and the amount of the full fees, remunerations and commissions which each one of them shall receive from the fund, the principles of their calculation and the dates on which they become due.
 - m) Policy of distributing the fund's profits.
 - n) Principles of calculating the Net Assets Value.
 - o) Principles of calculating the Net Realized Value, if any.
 - p) Redeeming limits, if any.
 - q) Controls of evaluating the Non-Liquid Assets.

- r) Dates of calculating and declaring the value of the investment unit of the Open-ended Fund, provided it shall not be less than twice in a month.
- s) The method of calculating the purchase price and redemption price of the Open-ended Fund's investment unit.
- t) Periodic dates and the procedures of issuing and redemption of the fund's investment unit.
- u) Nature and periodicity of the information which should be announced by the found.
- v) Optional liquidation cases of the fund and their procedures.

Article 8

The Prospectus shall include a separate chapter on the fund's by-laws. In case the by-laws are issued as a separate document, a reference shall be made to them in that Prospectus and be attached to it.

Chapter Four

The Fund's Capital

Article 9

- 1- The paid up capital of a Closed or open-ended Fund upon establishment shall not be less than US\$(10.000.000) ten million US Dollar or the equivalent in a currency which is a legal tender.
- 2- A founder's share shall not be less than US\$(100.000) one hundred thousand, or the equivalent in a currency which is a legal tender.
- 3- A founder may not sell or redeem his share before the elapse of two years as from the date of initial public subscription.

Article 10

- 1- The Fund's Capital shall be fully paid up.
- 2- The Fund's Capital shall be divided into investment units of equal value.

Article 11

In case of increasing the Capital, the Fund shall calculate the value of an issued unit on the basis of the Net Assets Value or the Net Realized Value, provided this is indicated in the by-laws and the Prospectus.

Article 12

The fund's Net Assets Value and the Net Realized Value shall be calculated weekly, if possible, and shall be disclosed to the unit's holders on the dates set by the disclosure instructions issued by the Authority.

Article 13

The Closed-ended Fund may increase or decrease its capital at regular periods according to the Memorandum of Association and by-laws, and according to the instructions and controls issued by the Authority.

Article 14

The Open-ended Fund may issue or redeem the investment units daily, in accordance with the provisions of these instructions.

Article 15

- 1- The fund ownership and assets shall be registered in the name of the fund. They shall be separated from their registration in the financial accounts of the Company to which the fund is attached, or the accounts of the Fund Manager.
- 2- The fund ownership and assets may not be registered in the name of the Fund Custodian or Trustee.
- 3- The fund ownership and assets shall not be affected by or be subject to any claims arising from the bankruptcy or liquidation of the Fund Manager or the Company to which the fund is linked.

Chapter Five

Licensing the Fund by the Authority

Article 16

- 1- The Authority may take the necessary action, as it deems appropriate, to verify the authenticity of the information contained in the Fund's licensing application.
- 2- The Authority shall issue its decision to grant the license or reject it within 60 sixty days from the date of submitting the application in accordance with the licensing conditions and requirements set out in these instructions. The rejection decision must be justified.
- 3- The licensing application shall be considered cancelled if the applicant does not provide the required data within 6 six months from the date the application is submitted.
- 4- If period referred to in paragraph 5 above lapses, the Fund Manager shall apply for licensing once again.
- 5- The Authority shall issue a licensing certificate to the fund. This shall be made after paying the fees decided by the Authority to license the Investment Fund, and it shall be recorded in a register for this purpose.

Article 17

In addition to the provisions contained in these instructions, the licensing of the Investment Fund, whether closed or Open-ended Fund shall result in the following:

- 1- The Fund Manager shall manage the fund to the benefit of all investors.
- 2- The Investment Manager of the Open-ended Fund shall declare at least twice in a month the net value of its investment unit.
- 3- The Closed-ended Fund shall be registered, and its investment units listed in the Market, in accordance with the Market's registration and listing conditions.
- 4- The Open-ended Fund shall not be registered or its investment units listed in the Market.
- 5- The Closed-ended Fund may be converted to an Open-ended Fund and vice versa, in accordance with the Memorandum of Association and by-laws, and in conformity with the provision of these instructions and the controls issued by the Authority.
- 6- Complete separation shall be made between the fund's ownership and the ownership of those in charge of it.

Article 18

After obtaining the fund's license, the Fund Manager shall, within seven days as from finalizing the Subscription procedures, submit to the Authority a proof that the Capital is fully paid up, otherwise the Authority may suspend, restrict or cancel the licensing and/or impose the financial fines provided for in the Law.

Article 19

The fund shall start its business, within 3 three months from the date of it's licensing by the Authority after the Capital, provided for in Article 9 has been fully paid up.

Chapter sex

Investment Rules

Article 20

The fund's investments in Securities shall not be less than 50% of the value of its portfolio.

Article 21

The Fund will not be allowed to operate in the following areas:

- 1- Invest more than 20% of the value of the fund's portfolio in Securities issued by one issuer.
- 2- Borrow more than 10% of the value of the fund's portfolio.
- 3- Subscribe in more than 10% of Securities issued by one issuer.
- 4- Invest more than 10% of the value of the fund's portfolio in Securities issued by other investment funds.
- 5- Invest its monies in the Securities issued by its Investment Manager or by any of his Subsidiaries and/or Allied companies.
- 6- Purchase real estates for trading.
- 7- Purchase a mortgage.
- 8- Purchase Securities for the purpose of controlling or for managing the party which issued the Security.

- 9- The Open Fund shall be prohibited from purchasing Non-Liquid Assets, if the purchase shall result in the Non-Liquid Assets representing more than 10% of the fund's net assets when the purchase transaction is finalized, calculated at the Market value at the time of the purchase.
- 10- The Open Fund shall be prohibited from investing in Non-Liquid Assets for 30 consecutive days, or for a longer period, of more than 10% of the net value of its assets calculated at the Market value.
- 11- Purchase or sell financial derivatives, except according to the instructions and controls issued by the Authority.
- 12- Purchase or sell tangible goods, including valuable metals.
- 13- Purchase the units of another investment fund, except if the value of the purchased units, when the purchase transaction is finalized, does not exceed 5% of the Market Value of the fund's assets.
- 14- Purchase Securities of companies under liquidation or bankruptcy.
- 15- Subscribe in Securities of a shareholding company under incorporation, which has no previous record of business which has realized a profit, or subscribe as a founder in a shareholding company under incorporation, except in privatization projects.
- 16- Carry out Subscription coverage works, or Market Securities which pertain to another issuer.

Lending and Borrowing Rules

Article 22

The Fund shall be prohibited from undertaking the following:

- 1- Purchase Securities for investing in them through purchase by margin.
- 2- Sell Securities for investing in them through purchase on credit.
- 3- Lend the fund's monies.

- 4- Issue bonds.
- 5- Borrow money or mortgage its assets, except if the borrowing or mortgage transaction is temporary for redeeming the fund's units. This shall be made in an organized manner, so that the amount of borrowed or mortgaged monies shall not be more than 5% of the Fund's Capital.
- 6- Guarantee the obligations or securities of any other person.
- 7- The Authority may, according to a request by the Fund Manager, allow him and the Fund Trustee exceed the restrictions provided for in paragraph 1 of this Article, if it finds out that such procedure will not result in any harm to the Public interest or the investors' interest.

Chapter Seven

The Net Assets Value and the Net Realized Value

The Fund's Net Assets

Article 23

- 1- The net value of the fund's assets shall be defined as the total value of the fund's assets less the fund's liabilities and obligations.
- 2- The value of the fund's assets at the end of the fiscal year shall be calculated on the basis of their market value. They shall be calculated on the same basis on the date of each issue or redemption.
- 3- The market value of the listed investment units shall be the last closing price.

Article 24

- 1- The value of the fund's investment unit shall be calculated and declared on the last working day of the first half of each month, and last working day of each month.

2- The Market value of Open-ended Fund's investment units shall be the best price expected to be obtained if they were sold at the time of evaluation. The net value of the unit shall be calculated by deducting its obligations from the value of its assets divided by the number of issued investment units.

Article 25

- 1- The issue and recovery of the fund's investment units shall be made according to the net value of its assets in both cases.
- 2- The Open-ended Fund may cease issuing and/or recovering its investment units when it is not possible to determine the value of the investment unit for any reason convincing to the Authority, provided its approval in advance shall be obtained.

Article 26

The fund may issue and recover the units according to the Net Realized Value which is different from the Net Assets Value, subject to the following:

- 1- The fund's by-laws and the prospectus shall contain controls for calculating the Net Assets Value and the Net Realized Value, or according to a decision issued by a meeting of an extraordinary General Assembly.
- 2- The by-laws and the Prospectus shall explain to the unit holders, and before issuing the decision of the extraordinary General Assembly referred to above, whether the redemption of the units on the basis of the Net Realized Value which is less than the Net Assets Value may be beneficial to the units' holders who remain in the fund at the disadvantage of the units holders who redeem their units.
- 3- When the units are redeemed according to the Net Realized Value at less than the Net Assets Value, the percentage of discount from the Net Assets Value shall not be more than 10%. This paragraph shall not apply in the case of redemption when the fund is liquidated.

Article 27

The Issuing Expenses or the amortization expenses which the investor pays at the time of Subscription shall not be included when calculating the Net Assets Value or the Net Realized Value.

Article 28

Each Securities sale or purchase transaction made by the fund in the first calculation of its Net Assets Value after the date on which the purchase or sale transaction becomes binding shall be reflected, and the units issue transaction or redemption when making the first calculation of the Net Assets Value of the fund after the issue transaction or redemption shall also be reflected.

Article 29

The fund's by-laws and the Prospectus shall contain a method for evaluating the listed or not listed securities, or other invested assets. Their methods of evaluation shall also be specified when calculating the Net Assets Value and the Net Realized Value.

Chapter Eight

The Prospectus

Article (30)

The Investment Fund, whether closed or open shall obtain the Authority's approval of the Prospectus which has to be prepare prior to offering the investment units for subscription.

Article 31

Subject to appendix (A) and the provisions of these instructions, the Prospectus shall include the following, as a minimum, for the purposes of offering the fund's investment units for Subscription:

- 1- The fund's name, type, capital and objective, and number and date of its license issued by the authority.
- 2- Full description of the fund's by-laws, which shall be attached to the Prospectus.
- 3- Conditions and procedures of Subscription in the fund's investment units.
- 4- Method of allotting the Closed-ended Fund's investment units in case the subscribed units exceed its capital.
- 5- Names of the Fund Manager and the Fund Trustee and their addresses, and the resume of each one of them, including past experience in Fund Investment management their supervision.
- 6- Names of the executive managers and the job positions for each of the Fund Manager and the Fund Trustee.
- 7- The Name of the Fund Auditor, number and date of his license, the payment and their due dates and method of his appointment.
- 8- Fees, remunerations and commissions of each of the Fund Manager and the Fund Trustee, the bases of their calculation, their due dates, and any other expenses which the fund incurs and/or may incur.
- 9- A full description of risks which may result from investing in the fund investment units.
- 10- Periodic reports which shall be provided to the Holders of the Investment Units and/or Securities, stating the nature of these reports, in addition to dates of providing them.
- 11- Effect of the tax legislations in force on the fund's activities and profits, and their distribution.
- 12- The method of honoring the fund's obligations to others.

Article 32

The Fund Manager shall make sure that the information set out in the Prospectus is correct and not misleading. He shall be responsible for the precision and accuracy of the Prospectus and the sufficiency of the information contained therein. The Authority's approval of the Prospectus shall not mean an acknowledgement of the correctness of its contents. The Fund Manager shall assume full responsibility for the correctness of the information.

Article 33

The information on the fund's investment performance shall be considered misleading in the following cases:

- 1- Overstating the fund's actual or assumed performance, in particular in relation to revenues, profits, assets growth or the attained or forecasted results.
- 2- Existence of information which is not factual and not objective, that affects the soundness of the fund's capital or profits.
- 3- Overstating the description of fund's advantages and investment proceeds without referring to or including a complete illustration of the potential risks related to the investment units issued by the fund.
- 4- Suggesting conclusions related to the assets' growth or the fund's activity without a justification.

Chapter Nine

Offering the Investment Units for Subscription and Their Registration

With the Market

Article 34

- 1- It shall be prohibited from offering the investment units for Subscription except after the Fund Manager has prepared the Prospectus for this purpose and obtained the Authority's approval of it.
- 2- The manager of the Open-ended Fund shall abide by paragraph 1 of this Article when licensing. He shall not be committed to issue a Prospectus if change in the Capital is taking place. However he shall be obligated to obtain the Authority's approval thereon.
- 3- The Fund Manager shall provide any person who wishes to subscribe in the fund Investment Units with a copy of the fund's prospectus and by-laws before handing over to him the Subscription application. The Fund Manager shall assume legal liability for this matter.
- 4- The Holders of the Fund's Investment Units shall pay the expenses resulting from issuing and redemption of the fund's investment units.

Investment Units Registration and Listing

Listing of a Closed-ended Fund

Article 35

After finalizing the subscription procedures, the fund's manager shall register the fund in the market. He shall apply for listing the closed fund's units within 7 seven days as from the date of finalizing the subscription procedures. He may not before this invest in the fund's monies before the registration is done.

Article 36

- 1- Fund's investment units' registration and trading transactions in the Market shall be subject to the provisions of the Law, the Market's trading regulations and the Authority's instructions issued according thereto.
- 2- Ownership transfer transactions of the investment units which are sold or purchased in the Market shall be subject to the provisions of the Law, the Market's regulations and instructions and the Authority's instructions issued according thereto. They shall be written down in the registers of the Market and the Center.
- 3- The unit's ownership transfer shall be made by writing them down in the registers of the Depository and Transfer Center.

Article 37

The investment units shall be registered unconditionally, with the exception of the following cases:

- 1- If the investment units are mortgaged or attached.
- 2- If the investment units ownership is lost or damaged.
- 3- If the sale of the investment units has been made in violation of the provisions of the Law, and the regulations and instructions issued accordingly thereto.

Chapter Ten

Orders for Issuing, Recovery and Redemption of the open market units

Article 38

The provision of the chapter shall apply to the orders for issuing, recovery and redemption of the open market investment units.

Article 39

1. All orders for the purchase and recovery of the Open ended Found units shall be executed at a price equal to the lowest of the Net Assets Value and the Net Realized Value of the units, which shall be determined after receiving the order by the fund, and according to a price equal to the Net Assets Value or the Net Realized Value which was calculated before the purchase or recovery order.
2. The fund may assume that, the orders received after a specific time on any working day or during any holiday, have been received by the fund in the working day next to the day of the actual receiving of the orders.

Article 40

The Open-ended Fund shall be considered as having received the purchase or recovery order relating to its investment units when the order has actually been received by the competent person specified in the Prospectus.

Article 41

The Issuing Expenses shall be calculated as a percentage of the net invested monies. The amount of the Redemption Expenses shall be calculated as a percentage of the net value of the recovered amounts. This shall be made in all cases where the Issuing or redemption expenses is mentioned in the prospectus, in the financial statements or in any documents related to the marketing of the investment units.

Article 42

When offering investment units for sale, the Underwriter, the Issuance Agent, the Issuance Manager or the Fund Manager shall abide by the following:

1. Deposit all the amounts received from the investors on behalf of the fund in a separate trust/bank account. They shall be separated from the monies of the Underwriter, the Issuance Agent or the Fund Manager, weather they are personal or related to the issuance and redemption of investment units of other investments funds.
2. Transfer all the amounts directly to the fund within a maximum period of three working days as from the date of receiving these amounts from selling the investment units on behalf of the fund.

Article 43

1. When selling the fund's investment units the Underwriter, the Issuance Agent or the Fund Manager shall be prohibited from lending or mortgaging the investors' investment units which are in the custody of anyone of them, except if he is expressly authorized to do so according to a contract between him and the Holder of the Investment Unit.
2. The Underwriter, the Issuance Manager or the Fund Manager shall be prohibited from using the monies referred to in paragraph an above in any activities which violate the law and the provisions of these instructions.

Article 44

The investors or his agent shall pay the value of the purchase order of the issued investment units within a maximum period of three working days as from the date of determining the issuing price.

Article 45

The unit's holder shall be provided annually with a statement explaining the procedures to be followed for recovering the units and documents required to be submitted in relation to the recovery order. This statement shall be included in the Prospectus which is provided to the investors.

Article 46

The Investment Fund shall not pay the amount of the recovery order unless it obtains the following documents:

1. The investment units ownership certificate which is recovered (if any), or a document issued by the Center proving such ownership.
2. A written and signed recovery order either by fax or e-mail stating that the fund allows that. The original copy shall be delivered by hand or by registered mail.

Article 47

If the Fund finds out that the Units holder has not satisfied the recovery requirements, then the Fund shall notify the Unit Holder who gives the recovery order thereof of the data which has to be completed.

Article 48

The Fund shall pay the amount of the recovered units to the investor after deducting all the related expenses. Such payment shall be paid within a maximum period of three working days as from the date of determining the Net Assets Value or the Net Realized Value used in calculating the redemption price.

Article 49

The fund may not suspend or restrict the unit holder's right to recover the investment unit except in the following cases:

1. During any period of halting trading in Securities whose value constitute 51% or more of the net value of the Fund's total assets.
2. According to prior conditions provided for in the Fund's by-laws and the prospectus or have been approved in advance according to a decision by the General Assembly.
3. In exceptional cases to be approved by the Authority in the interest of units holders.

Article 50

The Fund which suspends the redemption of the units shall notify the Authority thereof within a maximum period of one working day as from the date of suspensions. The Fund shall also publish a notice in two daily newspapers for two consecutive days.

Chapter Eleven

The Fund's General Assembly

Article 51

Subject to the provisions of these instructions, the Companies Law in force shall apply ordinary or extraordinary General Assembly meetings of the investment units' holders.

Article 52

1. The Fund's General Assembly shall consist of all the Fund's investment unit's holders.
2. Each holder of an Investment Unit shall attend the Fund's General Assembly meetings. He shall have the right to vote during the meetings and shall have one vote for each investment unit he holds.
3. The Fund's by-laws shall specify the method of holding the General Assembly meetings and the ordinary and extraordinary General Assembly; also specify the method of voting and during the meeting.
4. A Unit's Holder may authorize an agent to vote for him in the General Assembly meetings.

Article 53

The Unit's Holder shall elect the members of the Fund's Board of Directors'.

Article 54

1. The Fund's Manager shall notify the Authority of the dates of the Fund's ordinary and extraordinary General Assembly meetings.
2. The Authority shall have the right to attend the General Assembly meetings supervise their procedures and ensure that their decisions conform to Law, regulations and instructions issued accordingly there to.

Article 55

Subject to the provisions of the Companies' Law in force, the Fund's extraordinary General Assembly shall look into the following:

1. A change the provisions of any contract or concluding a new contract in which there might be a change in the principles on the basis of which the fees and expenses incurred by the fund are calculated, in such a way that may lead to increasing its expenses or increasing the sales commission paid.
2. A change in the basic investment objectives of the Investment Fund.
3. Any amendment to the dates of calculating the Net Assets Value or the Net Realized Value.
4. Any decrease in the member of scheduled opportunities available for redemption limits.
5. Any change in the Fund's status, such as merger, separation or conversion that may result in changing the legal form of the fund, which will affect the rights of the Holders of Investment Units.
6. Terminate the services of the Investment Manager and appoint another.

Chapter Twelve

The Fund's Manager

Article 56

Each one of the following may exercise the functions of the Fund Manager:

1. The Securities Companies that are licensed by the Authority. These companies may exercise such functions after satisfying all the licensing conditions of the Fund Manager contained in these instructions.
2. Any legal person after satisfying all the licensing conditions of the Fund Manager contained in these instructions.

Article 57

It shall not be allowed in any case whatsoever, for any person to combine the functions of a Fund Manager, Fund Trustee, Investment Manager and a Custodian of the same fund.

Article 58

The Fund Manager shall assume the following functions and authorities:

1. Prepare the Fund's by-laws, and submit them to the Authority to obtain a license.
2. Prepare the Investment Fund's Prospectus and submit it to the Authority.
3. Sign the application for licensing the public subscription.
4. Promote the fund's investment units.
5. Submit financial and accounting reports and statements to the Fund Trustee to take the appropriate measures in their respect.
6. Prepare the Net Assets Value account.
7. Any other functions provided for in the Fund's by-laws or the Prospectus and agreed by the Authority.

Article 59

For the purposes of licensing the Fund Manger shall carry out the following:

1. Register as a shareholding company with the Companies Controller, and provide the Authority with the registration certificate attached to it a true copy of the Fund's Memorandum of Association and by-laws.
2. Make sure that the capital of the Fund Manger shall not be less than US \$ 1,500,000 (US \$ one million and five hundred thousand US Dollar) or the equivalent in a currency which is legal tender.

3. Limit its objects to manage Investment Funds in their various types, and deal in the available investment tender.
4. Appoint one Investment Manager or more to manage the Fund's investment transactions.
5. Determine the provisions and procedures related to amending the Memorandum of Association and by-laws of the Fund Manager in conformity with the companies' law in force, except if the Authority approves requirements in excess of what the companies' Law provided for this purpose.
6. Determine the cases which call for the General Assembly to converse, and the Authorities of the General Assembly in its ordinary and extraordinary meetings.
7. Provide the Authority with the names of the founders, the Fund Manager and members, the nationality of each one of them, their share percentage, the Persons authorized to sign, the names of the natural persons in charge of the fund management, their job positions and a brief account on each one of them.
8. Provide the Authority with the financial statements approved by certified accountant for the last two years since the Fund Manager started its business, except if the Fund Manger is newly established, in which case an economic feasibility study shall be submitted for the next two years.
9. Provide the Authority with a letter from the Fund Manger and Board of Directors indicating their commitment to abide by the provisions of the law and the related laws, for which they shall assume legal liability in their legal and personal capacity in case of negligence which may result in causing financial losses to the investors.
10. Pay the annual fees decided by the Authority for licensing purposes, and provide a bank guarantee to the obligations resulting from the Fund Management, in the amount of US \$ 250,000 (two hundred fifty thousand US Dollar), or equivalent in other currencies which are a legal tender.

11. Determine the types of the Investment Funds to be managed (open or closed) and register and license them.

Article 60

1. The Fund Manager shall be prohibited from amending the Fund's by-laws, including amending or changing the investment policy set out therein, except after obtaining the following:
 - a) A declaration signed by the Fund Trustee stating that the amendment shall not cause harm to the rights of the Holders of the Investment Units, and shall not weaken the obligation and responsibilities of the Fund Manager or the Fund Trustee towards them.
 - b) The Authority's prior written approval of such amendment or change.
2. When the fund's approval is obtained, the Fund Manager shall amend the Fund's by-laws, document the amendment by the Companies Controller, have it signed by its representative and the Fund Trustee Representative, amend the Prospectus for issuing the investment units, provide the Fund Auditors with the amended by-laws, announce the amendment, and provide the Holders of the Investment Units with the amendment before 30 days at least of the date fixed for the amendment or the change to go into force.

Article 61

1. The Fund Manger shall prepare the periodic financial statements through the submission of the least two reports annually, containing the financial statements of the fund's performance. These statements shall be audited by the Fund Auditors and approved by the Fund Trustee. They shall be provided to the Authority and declared.

2. The Fund Manager shall declare or state the material matters or significant events which have a material effect on the fund's profits and its financial position. Such declaration or statement shall be made within 48 hours from the date of their occurrence, and the Authority shall be provided with a full report on them.
3. Each Investment Fund shall abide by the accounting and auditing rules, the principles of evaluating its performance, and the dates of disclosure specified by the Authority.
4. Each Investment Fund shall immediately notify the Authority of any information which may affect the price of the Fund's investment units.

Article 62

Each of the Fund Manger and the Fund Trustee shall keep the accounting registers which are necessary for carrying out the business of each fund. The Fund shall be managed and supervised by them in a regular and sound manner according to the approved accounting standards. The accounts and registers of each fund shall be managed and supervised separately from the accounts and registers of other investment fund managed or supervised by anyone of them.

Article 63

The Fund Manger may not have any interest, directly or indirectly, in any transaction he makes for the benefit of the fund. Following are examples without limitation.

1. Investment in the investment units issued by it or by its Subsidiaries or Allied Companies.
2. Charging any amounts or fees to the Fund, contrary to the provision of the by-laws.
3. Being a party, directly or in directly, in any securities dealing which are made to the benefit of the fund.

Article 64

1. When the procedures of the investment units of a Closed-ended Fund and allotment are finalized, the Fund Manager shall notify the Authority thereof in writing within three working days as from the date of the allotment.
2. After the Authority ensure that the procedures for offering the investment units, subscribing in them and their allotment are sound, the Authority shall issue a decision which allows the fund to start business.

Election of the Fund's Board of Directors

Article 65

1. The Fund General Assembly shall elect a Board of Directors that will supervise the Fund.
2. The Board of Directors shall be elected in accordance with the provisions of the Companies' Law which is in force. The Board shall be charged with the functions and responsibilities set forth in the Companies' Law.

Functions of the Fund's Board of Directors

Article 66

The Board of Directors shall be in charge of the following:

1. In addition to what is stated in Article 56 and 2, the Board shall be jointly and severally responsible to the Holders of the Fund's Investment Units for the Fund's performance and protecting the Fund's interests, according to the provisions of the Laws and the Fund's by-laws.
2. The Board shall be responsible for controlling and supervising the actions of the Investments Manager, the Fund Trustee, the Services Providers and the Fund Auditor.

3. The Board shall approve the investment policies drawn up by the Investment Manager.
4. The Board shall make sure that the Investment Manager abides by the Fund's prospectus and by-laws.
5. The board shall make sure that the Fund abides by the legal conditions necessary for the fund to continue in carrying out its business according to the by-laws.
6. The Board shall ensure that the expenses paid by the Fund are correct, and are paid in accordance with the Prospectus and by-laws.
7. The Board shall make sure that the expenses paid by the units' holders, including the Issuing Expenses and the Redemption Expenses are paid in accordance with the Fund's prospectus and by-laws.
8. The Board shall verify the control of calculating the Net Assets Value and the Net Realized Value and ensure that they are fair and conform to Law and the provisions of these instructions.
9. The Board shall ensure that procedures are taken to guarantee that there is no conflict of interest which may cause harm to the interests of the Holders of Investments Units.
10. The Board shall provide the Units Holders with the audited annual and semi-annual financial statements and unaudited quarterly financial statements.
11. The Board shall provide the Units' Holders with monthly reports on the Fund's performance, or within 48 hours as from the time of any occurrence of material change in the Fund's financial position, or which may affect the investment unit.
12. The Board shall allow the Unit' Holders to take note of the Fund's by-laws, all contracts concluded by the Fund, and any other documents o information they request of with they hare the right of access to.

13. The Board shall disclose any transactions to the Units Holders with Related parties provided this shall be within the scope of the disclosure instructions issued by the Authority and on the dates fixed for this purpose.

Conflict of Interests

Article 67

The Board of Directors shall carry out the following:

1. Lay down regulations and controls which prevent conflict of interests among the members of the Board of Directors, the Related Parties, and the Fund also ensure that the procedures followed by the Fund guarantee eliminating the case of conflict of interests between the fund and of the Holders of investments units.
2. Ensure the independence and loyalty of the members of the Board of Directors, look into the transactions made by each member to prevent any possible conflict of interests and also ensure that they act in a sound manner in the interest of the Fund and the Holders of the Investment Units, in particular in relation to trading in Securities.
3. Ensure that the dealings with the Related Parties are within the principles of disclosure approved by the Board of Directors, and in accordance with the instructions of the Authority.

The Board of Directors Responsibility to Control and Supervise the Fund's Policies and Performance

Article 68

The Board of Directors shall be responsible to control and supervise the Fund's policies and performance in relation to the following:

1. Evaluation and measuring of the Fund's investment performance, compared with the investment objectives and strategies, and the return and risks indicated in the Prospectus.
2. Evaluation of the Fund's investment policies according to the recommendations of the Investment Manager and amending them if necessary. However, the Authority and the Holders of the Investments Units shall be notified thereof.
3. Monitor the extent of the Fund's abiding by the prospectus and the by-laws.
4. The extent of the Fund's abiding by the Authority's regulations and instructions.
5. The extent of the Fund's abiding by the legal requirements.
6. Supervision of the functions of the Fund's internal auditor.
7. Ensure that there are approved regulations in the Fund which would guarantee protecting its assets.
8. Ensure that there are internal accounting controls for the Fund which conforms to the International Control Standards.
9. Ensure that the elements of control used in calculating the Net Assets Value and the Net Realized Value are fair and sound.
10. Ensure the qualifications and experience of the certified auditors.
11. Make sure to evaluate the performance of the Fund's services providers, and of any person who provides professional services to the Fund, in accordance with the provisions of these instructions.

The Board of Directors' Supervision of the Investment Manager

Article 69

The Board of Directors shall be responsible for the Investment Manager for the following:

1. Determining the Investment Manager's qualifications, responsibilities and the extent of its abiding by the Fund's strategic and investment policies, and the extent of the conformity of their application with the Prospectus, the provisions of the Law and these instructions.
2. Evaluation of the performance of the Fund's Investment Manager.
3. Monitoring the functions and responsibilities indicated in chapter thirteen below.

Chapter Thirteen

Investment Manager

Article 70

A company which is not licensed by the Authority shall be prohibited from carrying out the activity of the Investment Manager.

Article 71

1. The Investment Manager shall be prohibited from receiving any amounts of money on behalf of the fund.
2. The Fund's Investments Manager shall be prohibited from being the Owner of any of the Fund's investment units or the shares of the founding company, or be a party to any Securities deal which is directly or indirectly related to the Fund or with any Securities Company which is a Subsidiary to it.

Conditions of Licensing the Investment Manager

Article 72

The company that wishes to work as an Investment Manager of the Fund, and for the purposes of licensing, shall abide by the following:

1. It shall be Shareholding Company registered with the Companies' Controller. The Authority shall be provided with a certified true copy of the registration certificate attached to the Company's Memorandum of Association and by-law.
2. The capital of the Company which assumes the functions of the Fund's Investment Manager shall not be less than US \$ 1,000,000 (one million US Dollar) or equivalent in the other currencies which are legal tender.
3. The management of Funds, in their various types, shall be among its objects set out in the Memorandum of Association and by-laws.
4. Provide the Authority with the names members of the Board of Director's and the persons authorized to sign, and the names of natural persons who work for the Fund Manager, their job positions and the resumes of each one of them.
5. Provide the Authority with the financial statements approved by certified auditors for the last two years that have elapsed since the Fund's Investments Manager started business, except if the Investment Manager is newly established, in which case an economic feasibility study shall be presented for the two next years.
6. Provide the Authority with a letter from the Board of Directors of the Fund's Investments Manager containing their commitment to abide by the provisions of the Law for which they shall be legally liable to penalty in their legal capacity and personal capacity in case of negligence that may result in financial losses to the investors.
7. Pay the annual fees decided by the Authority for licensing purposes, and submit a bank letter of guarantee to the Authority to guarantee the obligation, in the amount of US \$ 200,000 (two hundred thousand US Dollars) or the equivalent in other currencies which are legal tender.

Providing Information on the Investment manager to the Authority and to the Investment Manager

Article 73

The Company that wishes to work as an Investment Manager for the Fund shall provide the Authority and the Fund Manager with the following statements:

1. The Company's distribution of capital, and determining the shareholding who directly or indirectly 5% or more of the capital.
2. The Company's organization structure.
3. The Number, qualifications and experience of the employee of the Investment Manager.
4. The resumes of the chairman of the Board of Directors, the General Manager and the Executive Management of the Company.
5. Resumes of the employees who carry out research and manage the Fund's portfolio and their criteria.
6. A detailed description of the functions of the Investment Manager.
7. A detailed description of the services rendered by the Company in its capacity as Investments Manager of the Fund Manager.
8. A description of the method of calculating the commission and expenses, and the method and date of their payment.
9. A description of the criteria used to select the Securities Companies that will be charged with executing the sale and purchase orders.
10. A detailed description of the adopted investment policy.
11. A description of the approved procedures to guarantee providing quality services in order to prevent conflict of interests or the leakage of information related to the transactions of the portfolio prevent the use of internal information.

Obligations of the Investment Manger

Article 74

The Investment Manager shall abide by the following rules:

1. He will have sufficient resources of employees and equipment in conformity with the nature of his functions and the services he renders.
2. The Investment Manager shall maintain the organization structure and human resources approved by the Authority for licensing purposes.
3. The Investment Manager shall execute the Fund's investment transactions according to their priorities as received by the investors, and shall not mix between the orders received for different funds managed by him. He will not prefer some of them over others. In case it is possible to make complete and accurate execution of such orders, he shall allot the sale and purchase orders among the various Funds before sending them. However he shall lay down permanent rules in relation to treating the possible confusion of the Market or in big size bargains. In case of absence of such rules, the transactions shall be proportionally and fairly.

Article 75

The Investment Manager shall assume the following functions and authorities:

1. Manage the Fund's investments according to the Fund's policies declared by the Board of Directors.
2. Manage the trading transactions relating to the Fund's shares and/or investment units.
3. Record accurately and according to their sequence and timing all sale and purchase transactions made to the benefit of the fund.
4. Approve an accounting system for the classification, follow up, and inspect all transactions of the Fund's portfolio, enter them into the system and settle them with the monetary accounts and the open Securities in the Fund's name or with the Trustee.

Article 76

1. If the Investment Manager works as a Securities Company for the purpose of trading in Securities, he will in this case submit to the Authority and to the Fund Manager a detailed description of the procedures of separation between the functions of its job as a broker and his job as an Investment Manager.
2. If the Investment Manager works as indicated in the above paragraph, he will approve the system of internal control of information which comes to his knowledge in his capacity as an Investment Manager and as a broker to prevent the leakage of information to others inside and outside the Company.
3. If the Investment Manager violates the provisions of paragraph 1 and 2 above, then the Fund Manager shall submit the issue to the Authority with may impose a fine of US \$ 20,000 (twenty thousand US Dollar), suspend the licensing or impose both of them, or cancel the licensing, or impose both of them in case or finds out that the Investment Manager has committed a violation.

Article 77

1. The natural persons who work in the executive management at the Investment Fund Manage and manage the Fund's portfolio shall not be allowed to accept any compensations or gifts, or accept the position of membership in any Board of Directors, except if the Fund Manager so approves.
2. The Investment Manage or the senior management employees who work as brokers for the Fund shall be prohibited from dons the following:
 - a) Purchase or sell Securities or any investments for parties related to the fund.
 - b) Invest in Securities which pertain to an issue if the Investment Manager has worked as an Issuing Manager or as an Undertaker of the issuer's securities during the last two years.
 - c) Invest in Securities of an issuer who is a Related Party, or if one of the shareholders, members of the Board of Directors or employees of the

executive management who works for the Investment Manager has worked as a manger has worked as a manager of the issuer.

3. An exception to the provisions of paragraph 2 above shall be the transactions approved by the Fund Manager in advance, or if the majority of the members of the Fund Board of Directors have approved them, provided they do not have interest in such transactions. However such transactions shall be disclosed in the annual and semi-annual financial statements.

Chapter Fourteen

The Fund Trustee

Article 78

The Company that wishes to work as a Fund Trustee and for the purpose of licensing shall abide by the following:

1. It shall be Shareholding Company registered with he Company's Controller. It shall provide the Authority with a certified true copy of the registration certificate annexed to the Company's Memorandum of Association and by-laws.
2. The Company's capital shall not be less than US \$ 1,000,000 (one million US Dollar) or the equivalent in a currency which is legal tender.
3. Be among its objects set out in the Memorandum of Association and by-laws the trusteeship of Investment Funds of various types.
4. Provide the Authority with the names of the members of the Broad of Directors and the Persons authorized to sign, and the names of the natural persons who are in charge of the Fund trusteeship and their job positions together with a brief account on each one of them.
5. Provide the Authority with the financial statements approved by a certified accountant for the last two years as from the date on which the Fund started business, except if the Fund Trustee is newly established in

which case an economic feasibility study shall be submitted for the next two years.

6. Provide the Authority with a letter from the Board of Directors of the Trustee's Company indicating their commitment to abide by the provisions of the Law, for which they shall be legally liable in their legal and personal capacity in the case of negligence which results in causing financial losses to the investors.
7. Pay the annual fees specified by the Authority for licensing purpose, and provide a bank guarantee to the Authority to guarantee the obligations in the amount of US \$ 200,000 (two hundred thousand US Dollar) or the equivalent in a currency which is a legal tender.

Article 79

The Fund Trustee shall carry out the functions charged to it according to the provisions of the Law and the instructions issued in accordance therewith, including the following:

1. Review the calculation of the Net Assets Value and the net value of the Fund's investment unit or the value of the Company's Securities in cooperation with the Investments Manager.
2. Redeem the investment units of the Open-ended Fund and determine the redemption price.
3. Distribution of profits.
4. Supervise the management of the Fund's Investments and activities, and ensure that the implementation of the procedures, instructions and decisions issued by the Authority are in the investors' interest.

5. Take note of the files and registers of the Fund Manager and request information related to the Fund's function.
6. Provide the Authority according to the decisions issued by it with periodic reports on the fund's activities.
7. Supervise the Fund's liquidation in the light of the decisions of the extraordinary General Assembly.

Article 80

1. The Fund Trustee shall be changed in any of the following cases:
 - a) In case of liquidation.
 - b) Cancellation of the license granted to it by the Authority.
 - c) Inclusion of existence of a provision in the agreement signed between it and the Fund Manager which allows this to be done.
 - d) Request in writing submitted to the Authority according to these instructions.
2. When any of the cases contained in items a or b of paragraph 1 of this Article is realized, the Fund shall cease carrying out its activities until a new trustee is appointed.
3. When any of the cases indicated in paragraph 1 of this Article is fulfilled, the Fund Manager shall contract a new Fund Trustee within a period of not more than one month.
4. If it not possible for the Fund Manager to select a new Fund Trustee during the period referred to above in paragraph 3 of this Article, the Fund Manager shall present the issue to the Authority, that may carry out one or more of the following procedures:
 - a) Select as new Fund Trustee within a period of not more than month.

- b) Stop the Fund's business in the cases indicated in items c and d of paragraph 1 of this Article until a new fund trustee is contracted.
- c) Liquidate the Fund, provided the Authority shall appoint the liquidators or take the possible means to liquidate it.

Article 81

1. The Fund Trustee that wishes to cease carrying its job as a Fund Trustee shall submit a written official letter to the Fund Manager indicating such a wish at least one month before it ceases to carry out its activity and send a copy of the letter to each one of the following:
 - a) The Authority.
 - b) The Fund's Board of Directors.
 - c) The financial market.
2. The Fund's Board of Directors shall announce in two daily local newspapers the change made.
3. The Fund Trustee who wishes to stop exercising its duties in accordance with paragraph 1 of this Article shall continue to carry out its duties until a new Fund Trustee is appointed or the Fund is liquidated.
4. The procedures and conditions contained in paragraph 2 and 3 of this Article shall apply in case the work of the Fund's secretary is terminated, according to the agreement concluded between him/her and the Fund Manager.

Article 82

1. The previous Fund Trustee shall be responsible for compensating the investors and others for any damage caused because of its negligence, failure and/or violation of the Law, the related laws, the instructions, and/or the

Fund's by-laws, and its investment policy during the performance of its functions.

2. The previous Fund Trustee shall hand over to the new Fund Trustee all the Fund's registers, documents, accounts and data.

Article 83

1. The new Fund Trustee shall be responsible for all the functions of the Fund Trustee when signing the Fund's by-laws.
2. The new Fund's Trustee shall be entitled to the fees indicated in the Fund by-laws or the fees agreed upon with the Fund Manager.

Article 84

After finalizing the procedures of appointing the Fund Trustee, the Authority shall decide on resuming the Fund's activity if it has stopped work, and this shall be announced.

Article 85

- 1- The Companies, other than those licensed by the Authority shall be prohibited from carrying out the activity of Investment Funds Trusteeship.
- 2- The Fund Trustee shall be prohibited from receiving any amounts of money on behalf of the Fund.
- 3- The fund's trustee shall be prohibited to be the Owner of any of the Fund's investment units or of the shares of the founding company, or be a party to any Securities deal related directly or indirectly to the Fund whether being the Trustee or any Securities Subsidiary.
- 4- The Fund Trustee shall be prohibited from combining this activity with any other activity as that of an Investment Manager or a Custodian of the same Fund.

Chapter Fifteen

The Custodian

Article 86

It is not stipulated that a Custodian be appointed for the Fund. However, in case it is appointed, he shall abide by the provisions of this chapter and its instructions.

Article 87

In addition to the provisions related to the Custodian contained in the instructions for licensing Securities Companies issued by the Authority, the Custodian shall abide by the following:

- 1- Ensure that the custody or of the Investment funds and their various types are contained in the memorandum of association any the by-laws.
- 2- Provide the Authority with the general principles for calculating the fees which shall be collected from the clients, and with the work procedures intended to be applied.
- 3- Provide the Authority with the names of the members of the Board of Directors' and the Persons authorized to sign, and the names of natural persons in charge of the function of the Fund Trusteeship and their job positions, together with a brief account of each one of them.
- 4- Provide the Authority with the financial statements approved by a certified auditor for the last two years which have elapsed since the Fund Trustee started the work, except if the Fund Trustee is newly established, in which case an economic feasibility study for the next coming 2years shall be submitted.
- 5- Provide the Authority with a letter from the Board of Directors of the Trustee's company containing their commitment to abide by the provisions of the law for which they shall be legally liable to penalty in their legal and personal capacities in case of negligence which causes losses to the investors.

- 6- Pay the annual fees set by the Authority for licensing purposes, and provide a bank guarantee to the Authority to guarantee the obligations, in the amount of US\$ 200.000 (two hundred thousand US Dollars) or the equivalent in other currencies which are legal tender.

Article 88

- 1- The assets of the Investment Funds shall be kept by a Custodian inside Palestine. For the purposes of this Article, it shall be defined as the main custodian.
- 2- To facilitate the works the external custody and after being approved by the Authority, the main custodian may appoint a secondary custodian to keep the assets outside Palestine.
- 3- The contract concluded between the main custodian and the secondary custodian shall contain the conditions which enable the Fund to exercise its rights that are related to the assets kept by the secondary custodian. According to this contract, the main custodian shall not be exempt from his responsibilities.
- 4- A written approval shall be obtained by the Fund Manager of all the contracts concluded with the secondary custodian.
- 5- The sub-contracts shall contain the conditions of providing protection to the assets, and reflect the responsibility of the main Trustee.
- 6- The Authority shall be provided with copies of the sub-contracts.

Article 89

All the contracts concluded with the main custodian or with the secondary custodian shall include the following:

- 1- The requirements for the place of keeping the Fund's assets.
- 2- The method used for keeping the assets.
- 3- Level of care and responsibility.
- 4- The review and obligation reports.
- 5- The commission or commissions, the method of their calculation, and the method and timing of their payment.

Article 90

- 1- The contracts concluded with the main custodian or with the secondary custodian may not allow under any condition any type of mortgage on the Fund's assets, except the requirements of the main custodian or the secondary custodian relation to their fees and expenses.
- 2- The provisions of the contracts concluded with the main or secondary custodian shall not allow the fees or expenses of any of them to be paid against the transfer of the ownership of the Fund's assets.

Article 91

The Fund's assets shall be registered in the name of the main or secondary custodian provided they will be distinguished by special serial numbers indicating that the ownership of these assets is the Fund.

Article 92

The main or secondary custodian, may after obtaining the Authority's approval, deposit the assets which pertain to the Fund at the Center in Palestine or at a similar party outside Palestine that is duly qualified and licensed.

Article 93

The main or secondary custodian will take all the necessary precaution possible to protect the Fund's assets, and work to acquire the interest of the Units' Holders in each transaction or act. The custodian and the secondary custodian shall be responsible jointly and severally for the loss or damage of any of the Fund's assets resulting from negligence or misconduct by the executive management or employees.

Article 94

- 1- The main custodian shall periodically, not less than once each year, review the contract concluded between him and the secondary custodian to ensure that the latter is abiding by the provisions of these instructions and is carrying out the necessary procedures ensuring proper continuity.
- 2- The main custodian shall provide the Investment Fund, in writing, and within a period of not more than 60 days as from the end of each fiscal year of the Investment Fund, with their names and addresses of the secondary custodians and indicate the extent of abiding by these instructions.
- 3- Copies of the reports (referred to above) shall be delivered to the Authority within 30 thirty days as from the date of sending the annual financial statements to the Authority.

Article 95

- 1- A company which is not licensed by the Authority shall be prohibited to carry out the activity of the Custodian Fund.

- 2- The Custodian Fund shall be prohibited to receiving any amounts of money from the investors on behalf of the fund.
- 3- The Custodian Fund shall be prohibited to be the Owner of any of the fund's investment units or the shares of the founding company, or be a party to any Securities dealing related, directly or indirectly, to the Fund if he is its Trustee or with any Securities Subsidiary.

Chapter Sixteen

The Fund Auditor

Article 96

- 1- The Fund's accounts shall be audited by a certified auditor who works according to the approved International Standards of Auditing.
- 2- The Auditor shall have good experience and efficiency in auditing the accounts of Investment Funds.
- 3- The Fund Auditor shall be prohibited to combining the function of auditing the Fund and auditing the accounts of the Investment Manager, or the Fund Custodian, or the Fund Trustee, or the accounts of any Additional Service Provider for the same Fund.
- 4- The Fund Auditor must notify the Fund's Board of Directors if he has doubts or he discovers any violation of the regulation during the audit. In case the violation is serious he shall provide a copy of his report directly to the Authority.
- 5- The Fund's certified auditor may not be appointed form more than 3 consecutive years, except after the elapse of 2 years as from the end of the third year.
- 6- The Fund Auditor shall be prohibited from carrying out any activities which are not within the scope of audit, and which may affect his neutrality or independence.

- 7- The accounts auditor shall be appointed, and his fees shall be fixed by the Fund Trustee. The Authority may appoint another auditor under conditions where it deems this necessary and fixing his fees which are paid from the Fund's monies.
- 8- The term of appointment of the Fund Auditor shall be for one renewable year.
- 9- The Auditor shall provide the Authority the Fund Manager and the Fund Trustee with the audited financial reports on the Fund and all his notes thereon.

Chapter Seventeen

The Fund Administrator

Article 97

Any natural person may, after obtaining the Authority's approval, carry out administrative work at the fund.

Article 98

The Administrator shall be appointed by the Fund's Board of Directors and shall be accorded the following functions:

- 1- The Executive Administration of the Fund which includes following up the daily administrative work of the personnel affairs.
- 2- Following up the daily executive transactions with each of the Investment Manager, the Fund Trustee, the Fund Auditor and the Fund Custodian, if any.
- 3- Providing services to the Fund to ensure the safety of the Found and achieve the interest of the Found and the Holders of Investment Unites.
- 4- Providing services to the Fund to ensure that the investment is sound.

- 5- Coordinate with the Center to maintain the registers of the investment units of the Fund.

Article 99

For the purposes of granting approval of the Fund Administrator by the Authority, the Fund Administrator shall have the following qualifications:

- 1- Must be a holder of a first university degree as a minimum in a specialization related to Finance or Economics.
- 2- Have experience of not less than five years in the field of Securities.
- 3- Has attended the courses approved by the Authority for the purposes of obtaining the required license or has qualifications which enable him to carry out his job.
- 4- Have full capacity and good behavior and well-known to possess integrity and honesty.
- 5- An exception to the requirements in paragraph 1 above shall be a person who has sufficient educational qualifications or practical experience agreed by the Authority.

Chapter Eighteen

Foreign Investment Funds

Article 100

- 1- A foreign investment fund is a fund established and licensed outside Palestine, and its objectives are the issuance of investment units. It may be Closed or Open-end Fund.

- 2- The Authority may approve licensing the foreign investment fund and allow it to carry out its activity in Palestine after it has fulfilled the licensing conditions contained in Article 102 of these instructions.
- 3- The provisions of these instructions which apply to the funds established in Palestine shall apply to the foreign Funds Intending to carry out their activities in Palestine.
- 4- The foreign investment funds shall abide by the international Accounting Standards.
- 5- The foreign investment funds shall abide by the disclosure regulations and instructions issued by the Authority and the Market.
- 6- The foreign investment funds may not offer the investment units for Subscription unless these funds have carried out their actual activities for at least two years in its parent country.

Article 101

- 1- Each person who intends to work to the benefit of a foreign investment fund, whether to offer the investment units for Subscription in order to market them or to render these services from inside Palestine shall obtain the necessary license from the Authority and its approval in advance.
- 2- The Authority may stop any activity which is in violation of this Article and impose the appropriate penalty in accordance with the Law and the regulations and instructions issued accordingly.

Article 102

- 1- In addition to the provisions of these instructions, and for the purposes of licensing the foreign fund, the fund's representative approved by the Authority shall submit an application for licensing the fund which will be supported by the attached :

- a) A proof that the fund is licensed abroad, and that it is subject to a authority control in the country where it was established and licensed.
 - b) The fund's by- laws, translated into Arabic, and the translation certified in case the by- laws are not in Arabic.
 - c) The fund's prospectus in the parent company, and another one for offering the units for Subscription in Palestine.
 - d) The audited financial statements for the last two business years and the fund's activity in the parent country.
 - e) A detailed statement on the fund's management in Palestine.
- 2- The Authority may approve licensing the foreign investment fund after ensuring that its investment policies have succeeded in Palestine provided that the fund shall provide protection to the investors, according to the law in force in Palestine, and the regulation and introductions issued accordingly.

Article 103

- 1- Each foreign investment fund shall appoint one of the Fund Managers licensed by the Authority as its representative to fulfil the fund's obligations to the investors, including the compensation which any of them is entitled to.
- 2- The fund's representative mentioned in paragraph 1 of this Article shall be in charge of notifying and by notified of the procedures on behalf of the fund, and representing it in any administrative or legal procedures, whether the plaintiff or defendant, including representing the fund before the investors, the Authority and the Market. The representative shall also submit all the statements relating to the declarations and disclosure of the fund in accordance with the Law, regulations and instructions issued by the Authority. The representative shall also carry out the following:

- a) Publish full information in the local newspapers of the foreign investment fund and the functions of the representative.
- b) Publish the annual and semi-annual financial statements in the local newspapers making them available to the public and providing them to Authority.
- c) Notify the Authority within three days of any amendment to or change in the funds by- laws, and announce such amendment or change after having it approved by the Authority.
- d) Publish the issuing and recovery prices periodically, at least twice in a month.
- e) The publication and announcement shall be in Arabic. Each announcement shall include the name of the fund's representative and its address.

Chapter Nineteen

Disclosure

Article 104

The funds shall abide by the disclosure provisions and instructions issued by the Authority and any other instructions issued by it.

Article 105

- 1- The Prospectus, financial statements and other documents required to be disclosed to the Public, to the Units' Holders and to potential investors. They shall be fair, accurate and complete and not misleading to the investors.
- 2- The information may be considered incorrect or misleading if it contains inaccurate statements on material facts, or fails to mention material facts which are considered necessary to make the submitted statements not misleading in the condition in which they were prepared.

Article 106

The form and content of the Investment Fund's Prospectus shall be according to the forms issued by the Authority; and the form and content of the financial statements shall be as indicated in Appendix (A) of these instructions.

Article 107

The Investment Fund shall provide the Units Holders and the Authority with the following:

- 1- Unaudited quarterly financial statements within 30 days as form the end of each quarter of a year.
- 2- Audited semi- annual financial statements within 45 days as form the end of each half a year.
- 3- Audited annual financial statements within 60 days as from the end of the fiscal year.

Article 108

- 1- The audited annual financial statements which contain the auditor's report shall be provided to the units holders within 60 days as form the end of the fiscal year.
- 2- The Unit's Holders shall be allowed full access to the financial statements and the annual report constantly.

Article 109

- 1- When prior estimates of the audited or unaudited financial results are available, or when material changes occur which may affect these results, the Net Assets Value, the Net Realized Value or the units trading price, the Fund's Manager or the Investment Manager shall publish this information or these estimates, for example in a press release in the local newspapers, and by informing the Authority and the Market thereof.
- 2- The disclosure mentioned in paragraph 1 above shall be true, expressive and complete.
- 3- The effect of the disclosed events shall not be over stated or under stated.

Article 110

The report of the Fund's Auditor shall include the following:

- a) The responsibility of the Fund Manager and the Investment Manager for the financial statements.
- b) The extent of the financial statements abiding by the International Accounting Standards.
- c) The extent of the financial statements' abiding by the disclosure requirements approved by the Authority.
- d) Any notes to the Fund's accounts, and their effect on the financial results and the Fund's Assets Net Value.

Article 111

The financial statements shall be prepared in accordance with the following:

- 1- The International Financial Reporting Standards issued by the International Accounting Standards Board.
- 2- The minimum or additional disclosure requirements provided for in these instructions.

Article 112

The financial statements shall constantly include the following:

- 1- The income statement (the profit and loss account).
- 2- The balance sheet.
- 3- A statement of changes in equity.
- 4- A statement of cash liquidity.
- 5- Statements of the portfolio assets and transactions.
- 6- A full description of the transactions made during the year with related parties.

Article 113

The financial statements shall include the following:

- 1- The contents of Appendix (A).
- 2- A brief description of the Fund's activities during the period covered by the report.
- 3- Any material changes in the accounting principles, investment strategy, portfolio's components, nature of risks, capital structure, members of the fund's management, Investments Manager, or Additional Services Providers.
- 4- A list of the names of the managers, Fund Manager, Custodian, Trustee, and the Chairman of the Fund's Board of Directors or main services providers.
- 5- A list of the names of the Fund's members of the Board of Directors naming the independent members, their addresses, and the way of how to contact them.

- 6- A reference to the additional information on the fund contained in the Prospectus, the Fund's regulations and their amendments, and information on how to obtain a copy thereof of the documents required to be provided to the Units' Holders.

Article 114

- 1- The legal position of the Fund together with reference to the laws, regulations and instructions which govern the business and other material information related to the fund's activity.
- 2- A brief description of the rights of the Unit's Holders, including the right of recovery, any rights which apply thereto.
- 3- A detailed summary of all the expenses and payments which may be made by the Found, by its unit's holders or by the potential investors.
- 4- A description of any decisions issued by the ordinary or extra-ordinary General Assembly during the fiscal year or during the period covered by the report.
- 5- Any amendments made to the Funds by- laws or the Prospectus during the fiscal year or during the period covered by the report.
- 6- The remunerations and fees of each member of the Fund's Board of Directors, the number of meetings attended by each one of them and a description of any additional functions or special responsibilities exercised by the member to justify the payment of a higher percentage of remunerations to him.
- 7- A report on the organization and Control of the Fund.

Article 115

- 1- All the Fund's employees and executive management shall abide by the disclosure rules contained in the Law and the disclosure instructions issued by the Authority.
- 2- The Fund's Auditor shall provide the Authority with the audit reports and all his notes thereon.

Chapter Twenty

The fund's Liquidation

Article 116

- 1- Without prejudice to the companies' Law provisions relating to companies' liquidation, a Fund shall be liquidated under the supervision, follow up and control of the Authority, whether it is an optional or mandatory liquidation.
- 2- A Fund shall be optionally liquidated in the cases provided for in the Fund's by-laws.
- 3- 25% of the Holders of Investment Units may request the Fund's Manager to convene a meeting of the extra-ordinary general assembly to study the Board of Directors' recommendation to liquidate the Fund and vote thereon, if this is in the interest of the Holders of the Investment Units.
- 4- The Holders of the Investment Units may at any time ask the extra-ordinary general assembly to liquidate the fund.
- 5- A Fund shall be mandatory liquidated according to a decision by the Authority in any of the following cases:
 - a) The expiry of the Fund's duration.
 - b) The Found ceases to carry out its business for full six months without a valid reason.
 - c) The abatement of the object for which it was established according to the by-laws.

- d) The decrease of the assets value below 25% of the Capital.
 - e) The decrease in the Net Assets value to an extent in which the expenses to be incurred by the Unit Holder is high without a justification.
 - f) The Fund liquidation or cancels its license.
- 6- The Fund Trustee shall carry out the optional liquidation functions, and in case this is not possible, the Authority shall appoint a liquidator for the Fund.
- 7- The Authority shall issue decisions terminating the Fund's activity when all the liquidation procedures are finalized, and this shall be announced. The Fund shall be removed from the Investment Funds' registers at the Authority and the Market.
- 8- The process of liquidating the assets shall be made carefully so that they shall not be negatively affected provided the extra-ordinary General Assembly and the Authority approve the financial bases of liquidation.

Article 117

The Authority may ask the Fund Manager to convene a meeting of the General Assembly to discuss a decision to liquidate the fund if it is in the interest of the Units' Holders.

Article 118

- 1- The Open-ended Fund shall maintain a cash liquidity ratio of not less than 20% of the Net Assets Value, sufficient to meet the recovery applications.
- 2- The cash liquidity shall include cash in hand and balances at banks.

Article 119

- 1- In the case of the Fund's bankruptcy or liquidation, the assets of the Fund Manager shall not be included in the bankruptcy monies. The Fund's assets shall also not be affected by the rights of the debtors of the Fund Manager or the Fund Trustee.
- 2- In the case the monies of the Fund Trustee, the Fund Custodian or the Fund Auditor, has been foreclosed this foreclosure should not include the monies and properties of any found manager or fund supervisor.

Chapter Twenty One

Secrecy

Article 120

The Fund Manager and the Investment Manager shall ensure that the information secrecy is maintained, and that the persons who have knowledge of the internal information do not trade on the basis of such secret information, or pass it to others who trade on its basis.

Chapter Twenty Two

Investigation and Penalties

Article 121

- 1- The Authority shall have power to make investigation in accordance with paragraph 2 below whenever it deems it necessary in case any violation is committed by any person, or when a violation is expected of the provisions of the Law or the regulations and instructions in accordance thereto. Such investigation shall be made to protect the Public interest and that of the investors.
- 2- For the purposes of implementing paragraph 1 above, the Authority's competent employees shall have the authorities of the judicial police. Accordingly, they shall have the right to enter, inspect, confiscate documents, issue the necessary

notification warrants, hear the statements of witnesses under oath and take other necessary steps to obtain the documents of the licensed party.

- 3- In case any person does not respond or refrains to cooperate and/or submit the documents requested by the Authority's competent parties who have the power of the judicial police will be carried out with the assistance of the public prosecutor.

Article 122

If the Authority finds out that anyone of the licensed parties mentioned in these instructions has violated or has taken initial measures to violate the Law or any of the regulations or instructions issued in accordance thereto, the Authority's duty shall be to ask the licensed party to remove the violation and correct its conditions resulting there from. In case of non-compliance, the Authority shall have the power to do the following:

- 1- Suspend the license, and accordingly stop issuing the said investment units or dealing with them.
- 2- Suspend any activity related to the investment units for any period of time it deems appropriate.
- 3- Cancel or suspend the license for a period of time determined by the Authority when violating these instructions or the Law.
- 4- Refer the issue to the competent court to take a decision promptly.

Article 123

The Authority may take the necessary disciplinary and/or penal procedures against any person who violates the provisions of the Law, regulations or instructions issued in accordance thereto, in addition to obligate the person to return the profit he received or charge him with the amount of the loss incurred by others and/or refer the violations to the public prosecution.

Article 124

The Authority may in cooperation with the Companies' Controller and in accordance with the Companies Law in force appoint an auditor other than the Auditor appointed by the Fund Manager, if it deems this appropriate. Such appointment is to make specific audit engagements during a specific period of time and at the Fund's expense.

Article 125

The Fund Manager and the Fund Trustee shall investigate all the complaints submitted by the clients, and document the investigation results and the action taken on these complaints in a special record, and notify the Authority of the investigation results within 3 three days from the date of its completion.

Article 126

The Fund Manager, the Fund Trustee and any official, manager or employee who has information or documents shall respond to the Authority's request to hear his statements on the issues determined by the Authority and within the period of time given to it.

Chapter Twenty Three

Transitional Provisions

Article 127

These instructions shall apply to all investment Funds established in Palestine that offers their units to the Public and to foreign funds equally.

Article 128

- 1- All Investment Funds which were established in Palestine and their units offered for public subscription at the time when these instructions went into force shall amend their positions according to the conditions of these instructions within a period of not more than six months from the date of implementing these instructions.
- 2- The Authority may exempt the fund from one article or more of these instructions if it deems necessary that it is not possible for the Fund to readjust position, or readjustment shall be fatal.

Article 129

The Investment Funds shall abide by the governance instructions issued by the Authority. These instructions explain the additional control and supervision functions relating to the Fund Management.

Article 130

All the competent parties, and to whom it may concern, implement these instructions and apply them as from the date of their issue. These instructions shall be published in the Official Gazette.

Issued in Beirut on 14/12/2006 A.D.

Corresponding to 23 Thu Al-Qeidah, 1427 A.H.

Chairman

Of the Board of Directors

Maher Al-Masri

Appendix (A)

Financial Statements

- 1- In addition to the requirements of legal disclosure and the International Financial Reporting Standards and the income statement (or the profit and loss account, as the case may be), the items indicated below shall be separately disclosed:
 - a) The return on distributions, the return on interest and any return items whose percentage is not less than 5% of the total income or return.
 - b) Realized and unrealized investment returns or losses.
 - c) Fees and expenses paid to the account of the Investment Manager, the Custodian and other service providers.
 - d) The total remunerations paid to the Fund's Board of Directors, including the fees of attending the meetings.
 - e) Legal expenses and auditor's fees.
 - f) Any other expenses items whose amount is not less than 5% of the total of expenses.
 - g) Tax costs (if any).
 - h) Net profit and loss.
 - I) Distributions to each unit.

- 2- In addition to the legal disclosure requirements and the International Financial reporting requirements, the following items shall be disclosed separately in the balance sheet:
 - a) The intangible assets (if any).

- b) Fixed assets other than investments in Securities (if any).
- c) Investments in Securities.
- d) Assets (receivable) and/or obligations (payable) relating to the purchased or sold securities.
- e) Assets (receivable) and/or obligations (payable) relating to the issued (or sold) Fund's units, or recovered (or purchased) by the Fund.
- f) Any other assets whose percentage is not less than 5% of the total value of assets.
- g) Bank loans and overdrafts (if any) mentioning as well the guarantees in the notes.
- h) Any other obligations whose value is not less than 5% of the total of obligations.
- I) The account of the units' capital and the reserves (if any).
- j) The Net Assets Value and the Net Assets Value of each issued unit.

3- The following items shall be disclosed in the statements on the portfolios' assets and transactions:

- a) The distribution of the Fund's portfolio on the basis of local or foreign investment, together with a sub-classification on the basis of security's type and segment.
- b) The investment objectives, the investment strategy and the types of risks in the Fund's portfolio.
- c) Details of (the type of the security, the value of investments and their percentage of the value of net assets), the biggest ten investments in the portfolio and in the history of the balance sheet.
- d) Details of (the type of the securities, the value of investments) and the biggest five purchase and sale transactions) during the period.

e) The Fund's schedule for each unit.

4- The notes to financial statements shall disclose the following:

a) The identify of all units' holders who own 10% or more of the Fund's units.

b) The transactions made with related parties whose disclosure.