

# **Palestinian Capital Market Authority**

## **PCMA Board Instructions No. 1 for 2006**

### **On Securities Companies Licensing**

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We, the Chairman of the Palestinian Capital Market Authority

Upon reviewing the Securities Law No. (12) of 2004; and  
PCMA Law No. (13) of 2004;

Based on the decisions of the PCMA Board of Directors in the meeting  
No. (3/13) held in Bireh city dated 31/7/2006;

Have promulgated the following law:

#### **Definitions**

##### **Article 1**

The following words and expressions shall have the meanings assigned thereto hereunder unless otherwise indicated by reference:

<b>The law</b>	Securities law No. 12 for 2004
<b>The Authority</b>	Palestinian Capital Market Authority
<b>The Market</b>	Palestinian Stock Exchange
<b>The Centre</b>	Deposit and Transfer Centre in the PSE

**Financial activities** include the financial activities practiced by or services offered by the securities company jointly or severally, as set forth in the relevant law or these instructions and/or any other activities or functions approved by the Authority.

**The company** A shareholding company or a branch of foreign company duly registered in Palestine in accordance with the Companies Law and Securities Law whose main activity is to undertake one or more functions related to securities

	trading on behalf of others and/or to its own account and/or any other activity specified by the Authority- as per the provisions of the law and instructions issued thereunder- licensed by the Authority and is a member of the PSE.
<b>The professional</b>	Any natural person licensed by the Authority to practice any financial activities provided for in the Law and allowed thereto.
<b>Affiliate company</b>	A company which controls, or is controlled by, another company or is; along with another company; controlled by a third company at (20-50%) thereof without a consolidated balance sheet.
<b>Subsidiary company</b>	A company controlled by another company (Parent Company) which owns no less than half the capital thereof, such that the Parent Company has control over the composition of the board of directors of the subsidiary company
<b>Financial brokerage</b>	Sale and purchase of securities by the securities company which is a member in the PSE.
<b>Financial solvency</b>	The ability of securities companies to fulfil its obligations towards clients, which is measured by the standards set by the Authority.
<b>Conflict of interest</b>	Performing any work or activity that results in damage or benefit to the interests of shareholders, Board members or managers of securities companies as well as the interests of clients whether directly or indirectly.
<b>Disclosure</b>	Revealing information that interest investors and the public, and which can affect the prices of securities
<b>Custodian</b>	Any juridical person licensed by the Authority to practice the activities of securities custody.

<b>Investment consultant</b>	Any natural or juridical person licensed by the Authority to provide advice and financial analysis to the public whether to his own account or in behalf of the securities company, or act as an investment consultant in return for a pay or commission in the field of investing securities after being issued.
<b>Financial consultant</b>	Any natural person licensed by the Authority to professionally provide advice to issuers on issuing and offering securities for subscription, prepare reports and conduct feasibility studies related to issuance thereof or any future change in the financial position of the issuer.
<b>Issuer</b>	Any juridical person licensed by the Authority who issues, or expresses the wish to issue, securities.
<b>Issuance manager</b>	Any juridical person licensed by the Authority, who practices functions of securities issuance management and/or marketing on behalf of the issuer.
<b>Issuance agent</b>	Any natural or juridical person licensed by the Authority to sell securities on behalf of the issuer.
<b>Underwriter</b>	Any juridical person licensed by the Authority to buy securities from the issuer and resell the same

## **Companies Licensing**

### **Article 2**

1. Any company wishing to handle or practice any securities-related activities and functions shall obtain a licence from the Authority after being registered with the PSE in accordance with Article 42 of the Law.
2. Any company wishing to undertake one or more of the following

activities shall obtain the approval of the Authority:

- Financial brokerage.
  - Management of securities portfolio for its own account or in behalf of others.
  - Underwriter or issuance agent.
  - Securities marketing.
  - Management of initial and/or secondary issuances.
  - Investment consultant.
  - Custodian, provided that the company establishes a separate shareholding company to undertake custody activities.
  - Any other activities approved by the Authority.
3. In case the practice of activities set forth in paragraph 2 of this Article by the securities company necessitates natural persons, they shall be licensed by the Authority to practice such activities in their professional capacity.
  4. Any company licensed to undertake more than one of the activities set forth in paragraph 2 of this Article shall avoid any conflict of interests that may arise from practicing activities, providing services to clients and develop the procedures necessary to realize thereof by the company.

### **Article 3**

In order to obtain a license from the Authority to practice any of securities-related activities and functions, the following shall be met:

1. The applicant shall be a private or public shareholding company duly registered in accordance with the Companies law applicable in Palestine. A foreign shareholding company duly registered in its home country may open branches in Palestine.
2. The purposes of the applicant company shall be limited to securities-related activities in accordance with the law and not in contrary to the company's Memorandum of Association and Bylaws.
3. The applicant company shall be registered with the PSE and shall be a member thereof.
4. The applicant company shall comply with the financial solvency standards prescribed by the Authority.
5. The company's manager shall be a holder of graduate degree from a recognized university, and shall have an experience not less than 7 years in the financial, banking or investment activities.

6. If the license applicant is a bank, then the financial activities shall be practiced through an affiliate or subsidiary company, after obtaining the approval of the Palestinian Monetary Authority thereof.
7. The paid up capital of the applicant shall not be less than the following:

Financial brokerage for others	JD1,500,000 one million five hundred thousand
Financial brokerage for its own account	JD1,000,000 one million
Issuance agent	JD500,000 five hundred thousand
Margin financing	JD1,000,000 one hundred thousand
Issuance manager	JD100,000 one hundred thousand
Investment consultant	JD100,000 one hundred thousand

8. The minimum capital of the company applying for licence to practice two or more activities set forth in paragraph 7 of this Article shall not be less than total minimum levels of capital required for each activity the company requires to practice.
9. Annual licence fees and licence renewal fees shall be paid in accordance with the Fees Law issued by the Authority for each activity.
10. The company shall be prohibited to use the capital except for the licensed activity, and shall segregate capitals and open subsidiary accounts for each activity. Otherwise, the Authority shall have the right to impose financial fines and/or take legal procedures once a violation is committed.

#### **Article 4**

1. In case the underwriter or the custodian is a banking company licensed by the Palestinian Monetary Authority, then it shall issue a bank guarantee in favour of the Authority in the value of JD5,000,000 five million Jordanian dinars from an excellent-rated bank.
2. In case the underwriter or the custodian is a financial company, then its capital shall not be less than JD5,000,000 five million Jordanian dinars, provided that this amount is not less than 10% of the total issuance value. In case it is less, the financial company shall issue a bank guarantee in favour of the Authority in the value of JD5,000,000 from an excellent-rated bank.

#### **Article 5**

Any company shall continuously fulfil all licensing requirements specified under these instructions. In case a requirement is not fulfilled, the Authority may- after notifying the company- take the necessary procedures and/or impose the penalty it deems appropriate against the company.

### **Article 6**

For the licence to remain valid, the net equity shall not be less than 75% of the capital paid up to the applicant requesting licence at any time.

### **Article 7**

The licensing application to practice any of the financial activities set forth in the Law and Article (3) of these instructions shall be submitted in writing to the Authority on the form designated thereof by the Authority. In addition, the application shall be signed by the applicant who undertakes, subject to legal liability, to give correct information therein. The application shall outline, or shall be attached with, the following:

1. Name and address of the applicant for licensing and location of registered branches, if any.
2. Type of company and the number and date of its registration in the Companies Register, in addition to the registration certificate indicating the names of Board members and authorized signatories as well as a copy of signatures thereof.
3. Memorandum of association and bylaws.
4. The Applicant's nature of work and years of service.
5. Names and addresses of top management and executive management, and a brief profile thereof defining designation and job title, along with copies of their ID or passport.
6. Names of the company's owners and the share of each, or the names of whoever owns 5% or more of the company's capital.
7. Name and address of the company's auditor approved by the Authority.
8. The company's organisational chart, initial feasibility study and work plan including anticipated financial statements for 24 months as from the date of inception thereof.
9. Written work procedures to be applied.
10. A list of the activities to be practiced.
11. General bases to calculate commissions or service allowances to be collected from clients.
12. Evidence proving that the applicant deposited the required capital in the company's bank account.

13. Copies of the securities trading agreement, form of opening accounts, periodic account statements of clients and regulatory sheets necessary for work progress. The applicant may supply the Authority with the forms and statements after obtaining the licence.
14. Compliance guide indicating the procedures to be taken by the company to ensure effective control over activities to be licensed.
15. An undertaking to submit the membership agreement with PSE.
16. Any other information that the Authority deems necessary or appropriate to look into the licence application.

### **Article (8)**

1. The Authority shall take the necessary procedures to verify correctness of information contained in the application.
2. The Authority shall issue a decision of granting or refusing the license within 60 days as from the date of submitting the application which fulfils license conditions and requirements.
3. The license application shall be considered null and void if the applicant fails to provide the Authority with the required information within six months as from the date of submission thereof.

### **Article 9**

1. The licence granted as per the instructions shall expire on the 31<sup>st</sup> of December of every year.
2. The Authority shall issue a new license for the next year upon a written request submitted for this purpose by the company and after payment of established fees.
3. The Authority may request any additional information upon receiving a license renewal application.
4. License renewal applications shall be submitted within no less than 60 days from the beginning of the new year.

### **Article 10**

The company may practice the licensed financial activities through a branch in Palestine after obtaining the approval of the Authority. An application containing the following shall be submitted to the Authority:

1. Address of the branch.
2. Nature of business to be practiced through the branch.
3. Name of the branch manager and a profile of his career related to

securities.

4. List of names and addresses of professionals working in the branch, indicating their respective titles and designations.
5. An initial feasibility study for the branch.
6. Procedures employed by the company to supervise the branch activities.
7. Any additional information or data requested by the Authority in relation to the application submitted to open the branch.

### **Article 11**

Any company undertaking financial activities in accordance with Article (40) of the Securities Law shall comply with the following:

1. Financial solvency standards approved by the Authority.
2. Inform the Authority, within 7 working days from the month end, of the financial undertakings and guarantees submitted by subsidiary companies thereof, which exceed 50% of the capital allocated for every licensed activity, or by any of its managers, Board members, executive management or partners, which constitute a financial liability on the Authority or may affect the financial position thereof.

### **Article 12**

Any company undertaking financial activities and every partner or Board member therein shall provide the Authority with the name of any subsidiary company thereof along with its objectives, Memorandum of Association and bylaw, as well as any substantive change made thereto within 72 hours from the date it is made.

## **The Financial Consultant**

### **Article 13**

The financial consultant duties shall include providing advice to issuers on issuing and offering securities for subscription, prepare reports and conduct feasibility studies related to issuance thereof or any future change in the financial position of the issuer.

## **Article 14**

The financial consultant shall receive a fee or commission prescribed under a written agreement in return for services thereof.

## **Article 15**

The financial consultant shall in advance indicate for others that his duties are represented only in providing advice and financial analysis of securities for purposes of investment therein whether by means of purchase or sale without ensuring achievement of results.

## **Article 16**

In the course of practicing activities or providing services to others, the financial consultant may not include any incorrect or misleading information or data in the consultations he provides.

## **Investment Consultant**

### **Article 17**

The duties of the investment consultant shall include providing advice and financial analysis to the public whether to his own account or in behalf of the securities company, or acting as an investment consultant in the field of investing securities after being issued in return for a pay or commission.

### **Article 18**

The investment consultant shall in advance indicate for others that his duties are represented only in providing advice and financial analysis of securities for purposes of investment therein whether by means of purchase or sale without ensuring achievement of results.

### **Article 19**

In the course of practicing activities or providing services to others, the investment consultant may not include any incorrect or misleading

information or data in the consultations he provides.

### **Article 20**

If the investment consultant has a direct interest in any securities, he shall disclose such interest to the client before providing advice thereon. In case he fails to do so, he shall be subject to a financial fine and/or the transaction shall be cancelled as the Authority deems appropriate.

## **Management of Initial and/or Secondary Issuance**

### **Article 21**

The duties of the issuance manager shall comprise the following:

1. Managing and marketing initial and/or secondary issuances of securities.
2. Prepare prospectuses and conduct all studies and procedures necessary for issuing securities.
3. Apply to the Authority to obtain approval of issuance.

### **Article 22**

The issuance manager shall practice issuance underwriting activities under an agreement concluded with the issuer, and shall act on behalf of the issuer in marketing offered issuance as well as all matters related to media by complying with the following:

1. Spare no effort- as an issuance agent- to attract buyers for the offered issuance without granting any assurance or obligation to sell a specific amount of securities to be issued.
2. Spare no effort- as an underwriter- to attract buyers for the offered issuance while undertaking to purchase all or part of the issued securities at the price agreed upon in accordance with the underwriting agreement concluded with the issuer.

### **Article 23**

Any underwriter wishing to purchase all securities issued by the issuer shall obtain a license from the Authority.

### **Article 24**

The underwriter shall provide the Authority with a copy of the agreement concluded between him and the issuer. The Authority shall notify any comments to the underwriter within two weeks as from the date of provision thereof.

### **Article 25**

- 1- In the context of his duties related to prospectus preparation, the issuance manager shall obtain the necessary assurance from the issuer that all information included therein is correct, accurate and complete.
- 2- The issuance manager shall be responsible for showing all information he obtains from the issuer in the prospectus. The issuer shall provide the issuance manager with any information or substantive amendments to the information he previously provided thereto, including the data contained in the prospectus during subscription period.

### **Article 26**

- 1- The custodian duties shall include material or nominal custody of the following:
  - Keeping investors' securities.
  - Organizing and keeping sensitive records of investors.
  - Sending periodic reports to investors regarding their securities portfolios and cash accounts.
  - Informing investors of all actions taken by issuers of securities in relation to interests, profits and rights of securities thereof
  - Receiving interests, profits and securities rights of investors.
  - Voting on behalf of investors in the meetings of ordinary and extraordinary General Assembly of issuers, in accordance with the custody agreement signed with every client, subject to the provisions of the applicable Companies Law which do not entitle any agent of voting for more than 5% of the company's shares, provided that any power of attorney issued by any shareholder to the custodian is a notarial power of attorney.

- Any other activities approved by the Authority to be listed among the duties of the custodian.
- 2- The custodian shall practice the duties thereof in accordance with an agreement concluded between him and the investor.

### **Article 27**

The custodian shall comply with the following:

1. Separate custody-related activities from any other activities he undertakes.
2. Provide the means and procedures necessary to keep and protect securities against thief, fire and other hazards, as needed.

### **Article 28**

1. The custodian shall open securities accounts for investors, as per the procedures applicable at the Deposit and Transfer Centre.
2. The custodian shall be prohibited from disposing of the securities kept therewith, except as allowed by the provisions of the law, regulations and instructions issued thereunder and in accordance with the provisions of the custody agreement concluded with the investor.

## **Licensing Professionals Working at a Company**

### **Article 29**

1. The Authority shall grant licence to professionals working at a company in accordance with the provisions of the law, regulations, instructions and resolutions issued thereunder.
2. The professional person shall be prohibited from undertaking any activity unless after obtaining the necessary license from the Authority.
3. The licensed professional shall be prohibited from practicing any licensed business except through one company.

### **Article 30**

1- A professional person at a company shall be granted a license if he meets the following requirements:

- Enjoy full legal competence with good reputation and conduct, and provide the Authority with a certificate evidencing thereof.
- A holder of first graduate degree at minimum in a specialization related to finance or economy.
- Has a work experience of no less than 4 years in securities field.
- Participated in courses approved by the Authority in order to obtain the required license.
- Pay the license prescribed fees and the renewal fees thereof.
- Any other conditions decided by the Authority.

2- Any person holding adequate academic qualifications or practical experiences approved by the Authority shall be excluded from the requirements listed in items (b/c/d) included in Article 1 above.

### **Article 31**

Any licensed professional person shall continuously meet all licensing conditions set forth in these instructions, or any other instructions or resolutions issued by the Authority subject to legal liability.

### **Article 32**

1. The application shall be submitted in writing to the Authority on the form designated thereof by the Authority, and shall be signed by the applicant, while assuring the correctness of information included therein. In addition, the application shall be attached with the necessary documents provided for in Article 30 of these instructions.
2. The applicant shall provide the Authority with any information the Authority deems necessary or appropriate to look into the application.

### **Article 33**

1. The Authority shall issue a decision of granting or refusing the license within 60 days as from the date of submitting the application which meets all conditions and requirements thereof.
2. The application shall be considered null and void if the applicant fails to provide the Authority with the required data within three months as from the date of submitting the application.

### **Article 34**

1. The professional license granted under these instructions shall be for one year term.
2. The professional licence shall be renewable on an annual basis under the Authority instructions after paying the prescribed fees.

### **Article 35**

1. The granted license shall be considered suspended in case the company terminates the service of the licensed person, and the company shall notify the Authority thereof.
2. The license shall remain effective for a maximum period of two years, provided that the licensed person joins another licensed company subject to the approval of the Authority.
3. In case it discovers that the licensed person violates licensing requirements, the Authority shall cancel the license, take measures and/or impose fines it deems appropriate in accordance with the law provisions.

### **Article 36**

The company shall, within one week, inform the Authority in writing of the following:

1. Any change in the personal address, domicile or work address of the licensed person.
2. Employment or dismissal of the licensed person by the company, indicating the reasons for termination.
3. In case a legal action is filed against the licensed person or is being investigated by any local or foreign authorities.
4. The failure to fulfil any of licensing conditions by the licensed person.

## **Disclosure**

### **Article 37**

Securities Companies shall comply with and governed by disclosure instructions approved by the Authority.

### **Article 38**

The disclosure instructions issued by the Authority in accordance with the Securities Law, regulations, instructions and circulars issued thereunder shall be applicable to the company, Board members, executive management members, partners, general director, approved brokers, administrative employees and relatives thereof.

### **Article 39**

When issuing a prospectus where it recommends purchase, sale or holding a certain security, the company shall include a clear and complete statement therein of any direct or indirect interest in such security for the company or any partner, manager or insider person thereof including:

1. The ownership by any of them of this specific security or any other securities issued by the same issuer.
2. A commission or bonus received, or expected to be received, by any person related to any trading in the said security.
3. Any financial dealings or arrangements that any of them may have with the issuance manager or any other person with regard to the said security.

### **Article 40**

When the company recommends sale, purchase or exchange of a security in any circular, announcement or letter or in any prospectuses issued or published thereby, it shall clearly indicate whether the company, Board members, executive management members, partners or manager thereof- as may be the case- undertook during the last twelve months the responsibility of an underwriter for such security or receive any pay or commission from the security issuer, or whether the company Board members, executive management members, partners or manager thereof- as may be the case- will receive any pay or commission as a result of the recommended procedure.

## **Article 41**

1. The company shall send an account statement to clients at least every three months, outlining securities balance and trading activities thereof.
2. The company shall provide clients, upon their request, with the annual and semi-annual financial statements thereof, and shall inform them of any change in Board members or executive management members or any change in major shareholders, owners or executives thereof.

## **Article 42**

All information and data provided to the Authority by the company and licensed person shall be under written letters duly signed by the Authority.

## **Article 43**

The company's relationship with third parties, including clients, shall be governed by written agreements concluded between relevant parties.

## **Article 44**

The company shall disclose to clients any direct or indirect interest it has in any security prior to selling or buying the same in behalf of clients.

## **Article 45**

The company's auditor may not be a debtor or creditor of the company or any subsidiary company thereof, and may not be a guarantor of any debtors thereof. In addition, this fact shall be disclosed and this service shall be abandoned. Otherwise, the Authority shall have the right to inflict the penalty it deems appropriate.

## **Conflict of Interests**

### **Article 46**

1. Members, shareholders, managers and employees of the securities company shall be prohibited from undertaking any activity or

business that may cause damage or benefit to their own interests and to the interests of clients.

2. Members, shareholders, managers and employees of the securities company shall refrain from undertaking any activity or business in which they have a direct or indirect interest yielding benefit or profit thereto or any activity they undertake in behalf of other person whose interest along with the interest of clients are subject to hazard.

#### **Article 47**

The securities company and the owners thereof shall be prohibited from participating in any securities company, buying shares therein, or investing through an employee in other securities company whether directly or indirectly.

#### **Article 48**

The natural person may not be a Board member in, or involved in the management of, more than one company. In addition, he may not work in any position, be a member of the Board or undertake executive duties at a company listed in the PSE at the same time.

### **Confidentiality**

#### **Article 49**

The securities companies shall comply with and governed by the confidentiality instructions approved by the Authority.

### **Investigation and Penalties**

#### **Article 50**

1. The Authority shall have the right to conduct investigation, as set forth in paragraph (2) below, when necessary upon the occurrence of any violation by any person or when expecting occurrence of any violation of the provisions of the Securities Law or regulations and instructions issued thereunder to protect public interests and investors.
2. For the purposes of enforcing paragraph (1) above, the competent employees of the Authority shall have the powers of judicial police

officers pursuant to Article (98) of the Law. Accordingly, they shall be entitled to enter and inspect premises, confiscate documents and instruments, issue necessary warrants and hear statements and evidence of witnesses under oath as well as any other procedures necessary to obtain the documents related to the licensee's activity.

3. In case of non compliance by any person or the refusal thereof to cooperate and/or provide the documentation required by the Authority competent employees enjoying powers of judicial police, then the assistance of the Prosecutor General shall be sought thereof.

### **Article 51**

In case the Authority discovers that a licensee violated, took preliminary measures to violate, the law or any regulations, instructions or decisions issued thereunder, the Authority shall have the right to:

1. Request the licensee to remove the violation and rectify his position.
2. Suspend any licence application submitted thereto and consequently stop issuing or dealing with the relevant securities.
3. Suspend any activity related to securities or special securities for any period of time it deems appropriate.
4. Cancel or suspend the license for a period of time decided by the Authority when violating the law or these instructions.
5. Refer the matter to the competent court to decide upon.

### **Article 52**

The Authority shall take disciplinary and/or penal measures against any licensee violating the law, regulations or instructions issued thereunder. In addition, the Authority shall oblige the violator to return the realized gains, charge the violator with the losses incurred by other party and/or refer the matter to the General Prosecution.

### **Article 53**

The Authority shall have the right, as a means of verification and in coordination with the Companies Controller/Registrar in accordance with the applicable Companies Law, to appoint an auditor other than the auditor assigned by the company if it deems necessary, in order to

conduct specific audit engagements during a certain period of time and at the expense of the company.

#### **Article 54**

The company shall conduct investigation into all complaints presented by clients and shall record the results and actions taken thereof in a special register.

#### **Article 55**

The company or any officer, manager or employee thereof shall respond to the Authority request to hear statements in matters determined by the Authority and within the time period decided thereby.

#### **Article 56**

1. The company shall develop written work procedures to deal with clients that are consistent with the work standards followed in order to properly serve clients. It shall also take the necessary steps to supervise and adequately follow up such procedures, provided that they are in conformity with regulations, instructions and decisions issued in this respect.
2. The procedures indicated in paragraph 1 above shall determine the individual assigned by the company to open and close accounts for clients and supervise securities trading thereof.
3. The company shall undertake the following:
  - Verifying the client's identity, financial ability, eligibility to conclude contracts and reputation.
  - Verifying appropriateness of sale and purchase transactions to the investment objectives of clients realized by the company in their behalf.

#### **Article 57**

1. The relationship between the company and clients shall be governed by a written agreement for each financial activity and services rendered by the company thereto. Such agreement shall be consistent with the provisions of the law, regulations, instructions and decisions issued by the Authority in this regard.
2. When dealing in securities in behalf of clients, a company or

professional persons thereof shall certify validity of their signatures after verifying their identities and competence to contract, provided that the company bears the responsibility for validity of such signatures.

### **Article 58**

1. The company shall indicate to its client, prior to contracting therewith, all services it renders as well as the commissions and expenditures to be incurred by the client as a result of dealing with the company.
2. The financial consultant may determine the commission based on the client portfolio, volume or value of the transactions he conducted in favour of the client or as a rate of the realized profits or based on any other technique, provided that the client agrees in writing thereto.

### **Article 59**

1. The company shall keep its accounting books and records and all other records necessary for practicing the activities thereof in a systematic and proper manner in accordance with the International Accounting Standards, adequately prepare statements to reflect the real financial position thereof and comply with any special requirements determined by the Authority in this regard.
2. The books and records mentioned in paragraph (1) above may be kept on the computer, provided that:
  - All necessary, appropriate and adequate precautions are taken to protect information against misstatement.
  - The information and data are available in an accurate and clear manner and within a reasonable time for any person authorized to examine or review records.

### **Article 60**

1. The company shall not dispose of the client funds except under the written agreements concluded therewith, and in accordance with the provisions of the law, regulations, instructions and decisions issued thereunder.
2. The company shall separate its funds and securities from those of clients that are deposited therewith, as per the conditions established by the Authority and which are to be included in the agreements concluded with clients.

## **Article 61**

The company shall develop appropriate bases to ensure equity in distributing investment opportunities to clients, and shall provide each client with a copy thereof after being approved by the Authority.

## **General Provisions**

### **Article 62**

1. Any unlicensed person shall be prohibited to act as a licensee toward others whether directly or indirectly, or to declare himself as a licensee in any media whatsoever.
2. No person may present written or oral statements in which he claims that the Authority approves the validity or integrity of financial situations, or the validity of any licensee business, privileges of any security or issuer.

### **Article 63**

1. The company or any of its employees shall be prohibited from harming the reputation of any other company or disparaging the professional position thereof.
2. The relationship between member securities companies shall be based on the principle of fair competition and mutual cooperation to enhance the profession.
3. The company or any of its employees shall observe the principles of honour, integrity, honesty and professional code of conduct and shall continuously safeguard client interests and rights.

### **Article 64**

The company shall appoint an authorized coordinator to follow up the relationship thereof with the Authority.

### **Article 65**

In case the Authority discovers that the company is at risk or the practices thereof threaten PSE stability or the interests of the company's shareholders and dealers, or that the company fails to meet the licensing conditions set forth in Article (3) of these instructions, then the Authority shall suspend the operations of the company for the period it deems appropriate, and shall take all or some of the following measures:

1. Limiting, suspending or cancelling the license or the permit granted for the period it deems fit.
2. Appointing an observer member in the company's Board or executive management, as the case may be, for the period it deems fit. Such member shall participate in the company's Board deliberations without the right of voting, and shall record his opinion in the minutes of meeting regarding decisions taken.
3. Obliging the company to increase the guarantees provided therefrom by the amounts it deems appropriate.
4. Liquidating submitted guarantees.
5. Any other measures that the Authority shall take in accordance with the law provisions.

### **Article 66**

For the purposes of meeting capital requirements provided for herein, the currency set forth in the instructions or other equivalent currency legally circulated shall be approved at the exchange rate issued by the Palestinian Monetary Authority at the end of the month preceding the date of application submission.

### **Article 67**

All information and data submitted to the Authority by the company shall be under written letters duly signed by the company.

### **Article 68**

The Authority shall issue the necessary forms to obtain the required information in accordance with these instructions.

### **Article 69**

All licensed companies shall rectify their position in accordance with these instructions within no later than 6 months as from the effective date thereof.

### **Article 70**

All competent parties- each in his specialization- shall enforce these instructions, which shall be effective as from 1/8/2006 and published in the official gazette.

Issued in Al Bireh city on 31/7/2006

Corresponding to 6<sup>th</sup> of Rajab 1427 A.H.

**Maher Al-Masri**

**Chairman**