REVISED DRAFT MUTUAL FUNDS INSTRUCTIONS (ENGLISH VARIANT)

SUBMITTED TO THE JORDAN SECURITIES COMMISSION

JUNE 13, 2007

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SUBMITTED TO THE JORDAN SECURITIES COMMISSION

SUSTAINABLE ACHIEVMENT OF BUSINESS EXPANSION AND QUALITY PROGRAM (SABEQ)

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BEARINGPOINT, INC.

USAID/JORDAN ECONOMIC OPPORTUNITIES OFFICE (EO)

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***DRAFT* Mutual Funds Instructions**

Issued Pursuant to the Temporary Securities Law No. 76 for the Year 2002

Article	Description
1	These Instructions shall be known as the (Mutual Fund Instructions) and shall come into force as of _____
2	**1.0 General Definitions** Unless otherwise defined herein, all terms shall have the meaning as defined in The Securities Law No. (76) for the year 2002.
	a. "Board of Directors" shall mean the Board of Directors of the registered mutual fund. b. "Material Information" shall mean any significant information that would affect a reasonable person's decision to buy, hold, sell, or otherwise dispose of a security. c. "Net Asset Value" shall mean the value per share of a mutual fund as calculated by dividing the total assets of the fund less its liabilities by the total number of shares then outstanding. d. "Performance fee" shall mean any variable fee linked to the performance of the fund. e. "Prospectus" shall mean a formal written offer to sell mutual fund shares describing its history, background of managers, fund objectives, financial statements and other essential information. f. "Redemption" shall mean the process whereby investors in an open-end mutual fund may sell their shares back to the fund. g. "Sales Literature" shall mean all advertisements, promotional publications, pamphlets, circulars, form letters, or any other communications, electronic or otherwise, prepared for the purpose of marketing a mutual fund to any investor. h. "Subscription" shall mean the process whereby investors purchase shares in a mutual fund. i. "The Securities Law" shall mean The Securities Law No. (76) for the year 2002. j. "Total Expense Ratio" (TER) shall equal the ratio of the fund's total operating costs to its average net assets. k. "Total Return" shall mean the sum of all fund earnings plus any changes in value of assets reduced by all expenses accrued during a specific measuring period. l. "Share" shall mean the basic unit of interest sold by mutual funds to prospective investors and held by its shareholders. m. "Paid-in Capital" shall mean the money paid in by shareholders of the Mutual Fund in exchange for shares, and shall represent the total value of the Mutual

	Fund's shares which are subscribed and paid for.
3	**2.0 Classification of Mutual Funds** **a. Definition of Mutual Fund** When used in these Instructions, "Mutual Fund" shall mean: 1- funds established and registered under, and operating in accordance with the provisions of the Securities Law, the regulations, instructions and decisions issued pursuant thereto, in order to invest in a portfolio of securities or other financial assets for the purpose of providing professional management of a collective investment on behalf of its shareholders; and 2- Joint Investment Companies which are established as mutual funds in accordance with Art. 94(A) of the Securities Law, and registered as public limited companies in accordance with Art. 209 of the Companies Law. Entities satisfying the conditions identified in Article (94)(B) of the Securities Law shall not be deemed as Mutual Funds. **b. Joint Investment Companies** Mutual Funds established as Joint Investment Companies shall be subject to the provisions of these Instructions in so far as they relate to matters that are not covered by the Companies Law. Such matters shall include, but not be limited to, duties, liabilities, and conduct of the Investment Manager and the Investment Trustee, prospectus requirements, diversification requirements, NAV calculation rules, presentation and calculation of fees and performance data, use of sales literature, and disclosure and reporting requirements. **c. Sub-classification of Mutual Funds** In accordance with the provisions of Art. (96) of the Securities Law and for the purposes of these Instructions, mutual funds are further classified as open-end funds or closed-end funds, which are defined as follows: 1. "Open-end funds" shall mean any mutual fund which, in accordance with Art. (99) of the Securities Law, has variable capital, and which in accordance with Art. (97) of the Securities Law can issue and is obligated to redeem its shares at current net asset value. 2. "Closed-end fund" shall mean a mutual fund which, in accordance with Art. (98) of the Securities Law, has fixed capital and shares

	that may be issued by public offer or by private placement and may be traded on the Market. **d. Other Types of Investment Companies** The Commission may pursuant to Art. (8) of the Securities Law also permit and enact further instructions for the establishment and registration of additional forms of investment companies or equivalent collective investment schemes, as might be determined necessary by the Commission.
4	**Establishment and Organization of Mutual Funds** **a. Requirements for the Establishment of Mutual Funds** Every Mutual Fund seeking to register with the Commission shall be established in accordance with Art. (91)(A) of the Securities Law and organized in accordance with these Instructions. **b. Requirements for the Organization of Mutual Funds** Every Mutual Fund seeking to register with the Commission shall be organized in accordance with each of the provisions below: 1. *Founders.* A mutual fund shall consist of at least two founders who shall subscribe for shares that can be listed on the stock exchange and may be negotiated and transferred in accordance with the provisions of the Securities Law and any other legislation in force. A founder may be either a natural person or a legal person. A licensed investment manager may act as founder for a new mutual fund, so long as such investment manager does not act as investment manager for the fund for which it is in addition a founder, in accordance with Art. (103) of the Securities Law. 2. *Name of Mutual Fund.* (a) The name of a mutual fund shall, if possible, be derived from and reflect the investment objectives of the fund. The name must not be misleading as to the investment objectives of the mutual fund. The name of a mutual fund must not be derived from, taken from, or the same as the name of a natural person. (b) The name of the mutual fund shall immediately be followed by an identification of the Investment Manager. (For example, Growth

Mutual Fund – as managed by ABC Investment Manager). The mutual fund shall use this format in all instances where the name of the mutual fund is presented including, but not limited to prospectuses, sales literature and advertising, logos, and other communications, electronic or otherwise.

3. *Term of the Mutual Fund.* The term of the mutual fund shall be indefinite.

4. Fiscal year. The Mutual Fund's fiscal year shall begin on January 1st and shall end on December 31st of the same year. In the event the Mutual Fund is registered in the first half of that year then such Mutual Fund's first fiscal year shall end on December 31st of that year. In the event the Mutual Fund is registered in the latter half of that year then such Mutual Fund's first fiscal year shall end on December 31st of the following year.

5. Board of Directors. The Mutual Fund shall have an initial board of directors that has been appointed by the founders consisting of 3-13 members as prescribed by the By-Laws of the Mutual Fund who shall be natural persons. This Board of Directors shall comply at all times with the requirements of Art. (106)(A) of the Securities Law.

6. Minimum Capital. The Mutual Fund shall have a minimum paid in capital of [five hundred thousand Jordanian Dinars) JD 500,000 that shall be provided by the founders. Such minimum paid in capital must be covered within three months of from the date of registration with the Commission. In the event such minimum paid in capital is not covered in the stipulated period of time, the applicant shall request from the Commission either to deregister the Mutual Fund or to extend the period stipulated to cover the minimum paid in capital. In either event the Commission shall issue its decision within thirty days of receiving the applicant's request.

7. Investment Manager. The Board of Directors shall appoint, on behalf of the Mutual Fund and in accordance with Art. (95) of the Securities Law, the Investment Manager who shall manage the Mutual Fund. The Investment Manager's duties shall include the following activities: preparing the Memorandum of Association and Prospectus for the Mutual Fund, management of the Mutual Fund in accordance with its investment strategies, marketing of the Mutual Fund, calculation of its NAV in cooperation with the Mutual Fund's Investment Trustee, and preparing the Mutual Fund's periodic reports.

8. Investment Trustee. The Mutual Fund, or the Investment Manager acting on behalf of the Mutual Fund, shall appoint an Investment Trustee. The Investment Trustee's duties shall include the following activities: ensuring that the Investment Manager is applying the Mutual Fund's investment strategy as

	stated in its Prospectus, ensuring that the Investment Manager is acting in accordance with all the relevant laws, regulations, and instructions with the aim of ensuring the benefit of the Mutual Fund's shareholders, approving the Mutual Fund's periodic reports, approving any amendments to the Memorandum of Association, calculation of the Mutual Fund's NAV in cooperation with the Mutual Fund's Investment Manager, and providing the Commission with reports on the performance of the Mutual Fund's Investment Manager on a needs basis. *9. By-Laws.* The Mutual Fund shall have a body of By-Laws that provide for the administration, management, and governance of the Mutual Fund by the Board of Directors including the following: (a) name and sub-classification. (b) capital of the closed-end Mutual Fund or the minimum capital of an open-end Mutual Fund. (c) the value per share or investment unit at registration. (d) the investment objectives of the Mutual Fund and the principal investment strategies to achieve the investment objectives; (e) the duties, authorities, and remuneration of the Board of Directors, and the manner of its appointment or election, and the manner in which its meetings are organized. (f) the method of decision making policies in General Assembly meetings and the organization thereof. (g) the policy on dividends, distributions, and capital gains. (h) method of calculation of the NAV, and of share or investment value for open-end Mutual Funds, and the frequency of calculation and publication thereof. (i) the events and procedure of voluntary and compulsory liquidation. (j) the procedures for the conversion of a closed-end Mutual Fund into an open-end Mutual Fund. (k) the nature and frequency of publication of information that the Mutual Fund must publish.

5	**Registration of Mutual Funds with the Commission** **a. Requirement to Register a Mutual Fund** Every mutual fund seeking to conduct activities or sell its shares to investors in Jordan shall be registered with the Commission in accordance with Art. (92) of the Securities Law and the requirements in these Instructions. **b. Eligibility to Register with the Commission** Only those mutual funds organized in accordance with Article 4. of these Instructions shall be eligible to register with the Commission. **c. Requirements for the Registration of a Mutual Fund with the Commission** A mutual fund that is eligible to register pursuant to provision b. above and seeking to register with the Commission shall provide the following information: 1. *Required information.* All mutual funds seeking to register with the Commission in accordance with the provisions of the Securities Law must provide the following information: (a) The sub-classification, (open-end or closed-end), within which the Mutual Fund proposes to operate; (b) A description of the management, organization, and structure of the Mutual Fund that demonstrates their compliance with the requirements of Art. 4 of these Instructions; (c) The name and contact information for the Investment Manager who will manage the Mutual Fund; (d) The investment objectives of the Mutual Fund and the principal investment strategies to achieve the investment objectives; (e) The investment risks an investor incurs when investing in the fund; (f) For entities who may have an operating history either in a foreign jurisdiction or who may be registering after a merger, a discussion and if required graphical display, of the historical risk and return information for the applicant;

(g) Fee tables prepared in accordance with the format specified in Article 9. of these Instructions that specifies the fees and expenses including commissions, sales, charges, and other expenses incurred by the shareholder by holding part of the fund;

(h) Instructions as to how investors may purchase, and where applicable, redeem shares;

(i) The mutual fund's policy on dividends, distributions, and capital gains;

(j) The tax consequence of investing in the mutual fund for shareholders;

(k) All material information deemed necessary by the Commission regarding the mutual fund necessary to clarify its structure, operations, or procedures;

(l) All documentation relating to the mutual fund and its business including, but not limited to:

i. Articles of Association and/or Memorandum of Association

ii. By-Laws of the Mutual Fund or any such corresponding documents;

iii. Investment Manager Contract(s);

iv. Investment Trustee Contract(s);

v. Third Party Contract(s);

vi. Custodian Agreement(s);

(m) All Other Material Agreements.

2. *Format of required information.* The information required in Article 5.c.1. above shall be provided to the Commission in the format presented in Annex I to these Instructions.

d. Procedures for Registration of Mutual Funds

1. *Application required.* In accordance with Art. (92)(A) of the Securities Law and these Instructions, every applicant shall submit an Application to register as a Mutual Fund with the Commission and include all information and documents in accordance with the provisions of the Securities Law and these Instructions. The Application shall conform to requirements outlined in Annex I to these Instructions.

2. *Application fee.* Every application for registration under Article 5. of these Instructions shall be accompanied by non-refundable application fee set by the Commission in the Jordan Securities Commission Fees Regulation for the Year

1999.

3. *Request for additional information.* The Commission may request additional information or clarification, as it deems necessary, to appropriately evaluate the application for registration.

4. *Conformance to requirements.* The Commission shall approve an application that is complete in all respects and complies with all required provisions of the Securities Law and these Instructions. The Commission shall within ten days from the receipt of an application check such application to ensure that it complies with all the requirements, and decide if such application is deemed complete or incomplete. Before rejecting any application not in compliance with the requirements, the Commission will notify the applicant of the areas of non-compliance within a period of five days from the date the application was deemed incomplete by the Commission. Whereupon such applicant shall be allowed an opportunity to remedy the areas of non-compliance within a period of five days from the date of being notified by the Commission of the same.

5. *Decision of the Commission.* In accordance with the provisions of Art. (92) of the Securities Law and these Instructions, the Commission will issue a final decision approving or denying the registration application and the basis of such decision within thirty days from the date of the receipt of an application that contains all information required by the Commission.

6. *Issuance of the Certificate of Registration.* Upon issuance of the decision approving the registration of the Mutual Fund, the Commission in accordance with Art. (92)(C) of the Securities Law shall issue the Mutual Fund's Certificate of Registration.

7. *Withdrawn application.* The Commission shall consider an application to be withdrawn if the applicant has failed to submit all required information within six months of the original filing date.

e. Failure to Register a Mutual Fund with the Commission

It shall be regarded as a violation of the Securities Law and these Instructions for any legal person organized as a mutual fund or an equivalent collective investment scheme or vehicle to offer its shares for sale to investors in Jordan without registering the fund and its shares with the Commission.

f. Merger and Reorganization of Registered Mutual Fund.

1. Any merger of a registered mutual fund with another mutual fund shall only be conducted as follows: \

	(a) *Conditions and Methods of Merging;* The merger of the Mutual Funds stipulated in these Instructions shall be accomplished by any of the following methods, provided that the objectives of the Mutual Funds wishing to merge are identical or complementary. 1- Through the merger of one Mutual Fund or more with other Mutual Funds called the (merging Mutual Fund). The Mutual Fund or Mutual Funds merged therein, and the juristic identity of each, shall no longer exist. The rights and obligations of the merged Mutual Funds shall be carried over to the merging Mutual Fund, after the merged Mutual Funds registration is cancelled in accordance with the following procedures: 2- .Through the merger of two Mutual Funds or more to form a new Mutual Fund which will be the result of that merger; the Mutual Funds that have merged in the new Mutual Fund and the corporate identity of each of them shall no longer exists. (b) *Statements and Documents accompanying the Merger Application;* The application for merger shall be submitted to the Commission together with the following statements and documents: 1- The decision of the extraordinary General Assembly of each Mutual Fund wishing to merge, or the decision of all shareholders approving the merger pursuant to the terms and statements specified in the merger agreement including the date set for the final merger. 2- The merger agreement concluded between the Mutual Funds wishing to merge duly signed by the authorized signatories on behalf of their Mutual Funds. 3- The financial position statement of each Mutual Fund wishing to merge, whose date shall be closest to the date of the General Assembly decision of each Mutual Fund, or the decision of the shareholders approving the merger, authenticated by the Commission. 4- The financial statements of the last two fiscal years of the Mutual Funds wishing to merge, authenticated by the auditors. 5- Any other statements provided for by legislation in force, or deemed necessary by the Commission.

	(c) *Suspending the Trading of Shares of the Mutual Fund Wishing to Merge Until the Completion of the Merger Procedures;* The Board of Directors of each Mutual Fund of those wishing to merge shall notify the Commission, the Market, and the Depository Center within ten days of the date of issuing the merger decision. The trading of their shares shall be suspended as of the date of notification of the decision. Trading in the shares of the mutual fund resulting from the merger shall resume after the completion of the merger procedures and its registration. Should the companies reverse the merger their shares' trading shall resume. (d) *Duties of the Commissions to Evaluate the Assets of Mutual Funds Wishing to Merge*; Should the Commission approve the application for merger, it shall form an (Evaluation Committee), whose membership should include a Commission representative, the auditors of the mutual funds wishing to merge, and a representative of each mutual fund.. The Commission shall submit its report to the Board of Commissioners along with the opening balance sheet for the Mutual Fund resulting from the merger, within a period not exceeding thirty days from the date of referring the issue thereto. (e) Mutual Funds which have decided to merge must prepare separate accounts of their operations under the supervision of their auditors as of the date of the Mutual Fund General Assembly issuing the decision approving the merger, and until the date of the issuance of the Mutual Fund General Assembly decision approving the final merger (f) *Executive Procedures of a Merger;* The Commission shall invite the shareholders' extraordinary General Assembly of each of the mutual funds entering the merger in order to approve the following, provided that decisions are taken with a majority of 75% of the shares represented for each mutual fund separately: 1- The Articles and Memorandum of Association of the new Mutual Fund, or the amended Articles and Memorandum of Association of the merging Mutual Fund . 2- The results of the re-evaluation of the assets and liabilities of the Mutual Funds, and the opening balance sheet for the new Mutual Fund resulting from the merger . 3- The final approval on the merger .

(g) *Registration of merged mutual fund with the Commission.* The newly merged mutual fund shall apply to register with the Commission in accordance with provisions in Article 5 a. of these Instructions.

(h) The Commission shall announce in the Official Gazette, and in two local daily newspapers for two consecutive times, at the expense of the Mutual Fund, a summary of the merger agreement, and the results of the re-evaluation along with the opening balance sheet of the merging Mutual Fund or for the Mutual Fund resulting from the merger.

(i) *The Merging Mutual Fund is the legal Successor of the Merged Mutual Funds;* All the rights and obligations of merged Mutual Funds shall by operation of law be transferred to the merging Mutual Fund or the Mutual Fund resulting from the merger, after the completion of merging procedures and registering the Mutual Fund in pursuance to the provisions of this Law. The merging Mutual Fund or the one resulting from the merger shall be considered a legal successor to the merged Mutual Funds and shall legally replace them in all their rights and obligations.

g. Deregistration of Mutual Fund by Commission

A mutual fund that is undergoing either voluntary liquidation or compulsory liquidation must in accordance with Art. (62) of the Securities Law notify the Commission prior to carrying out such liquidation and apply to the Commission to deregister as a mutual fund.

1. *Application requirements*. The application must provide the following:
   (a) A formal request to deregister the fund;
   (b) The basis for liquidation and an identification of the liquidator;
   (c) A statement as to the plan of dissolution of the assets of the mutual fund;

2. *Liquidation procedures.*

(a) The liquidation of the Mutual Fund shall be conducted under the monitoring and supervision of the Commission.

(b) Mutual Funds may undergo voluntary liquidation if so permitted by its

	Memorandum of Association, and after obtaining the approval of the General Assembly. (c) The Investment Trustee shall perform the liquidation procedures for the intended fund. Otherwise the Commission shall appoint another liquidator who shall begin the liquidation procedures from the date of his appointment. (d) The liquidator may, in the course of carrying out the process of voluntary liquidation, invite the Mutual Fund's General Assembly to a meeting to obtain its approval of any issue he deems necessary, including revising its liquidation. In addition, the liquidator shall invite the General Assembly pursuant to a request submitted to him by shareholders who own more than 25% of the Mutual Fund units, for the purpose of discussing the liquidation procedures. (e) The liquidator shall publish in at least two local daily newspapers and within fifteen days of the date of issuing the liquidation decision, whether voluntary or compulsory, an announcement notifying the creditors of the necessity of submitting their claims towards the Mutual Fund whether they are due or not within two months after the date of the first announcement. (f) The Mutual Fund shall be subject to compulsory liquidation pursuant to a decision from the Commission in the following circumstances: 1- Should the Mutual Fund suspend its operations for (6) months without a legitimate or justified cause. 2- Should the Mutual Fund commit serious violations of the Law or of its Memorandum of Association. 3- Should the accumulated losses of the Mutual Fund exceeded (75%) of its paid in capital. 4- In the circumstances mentioned in Art. 14.c. of these Instructions. 5- In the event the mutual fund's paid in capital falls below the minimum requirement in Art. 4.b.6. of these Instructions.

	(g) The liquidator has to carry out these procedures in both Voluntary and compulsory liquidation: 1. Managing the Mutual Fund operations solely to the extent necessary for the liquidation procedures. 2. Appointing any of the experts and persons to assist him in completing the liquidation procedures if deemed necessary 3. Inventory of the Mutual Fund's sources, assets, and compiling its debts 4. Submitting any case or commencing any legal proceeding in the name of the Mutual Fund or in its behalf in order to collect its debts and preserve its rights including the appointment of an attorney to represent the Mutual Fund. 5. Entering in all cases and judicial proceeding related to the Mutual Fund 6. To deposit the monies of the Mutual Fund in its name in a bank account designated by the Commission. 7. Providing the Commission with audited financial accounts from the liquidator's auditor detailing amounts received and paid. 8. The liquidator must act in accordance with all the resolutions of the Commission concerning the liquidation procedures. 9. Compiling a list of the names of the Mutual Fund debtors, and preparing a report on the transaction and procedures carried out in claiming the payment of the debts due to the Mutual Fund by its debtors. 10. Repayment of the Mutual Fund's debts. (h) The liquidator must add the phrase (Under Liquidation) to the name of the Mutual Fund on all its stationery and correspondence

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(i) In the event of bankruptcy or liquidation of the Investment Manager or Investment Trustee, the assets of the Mutual Fund shall not be included in its bankruptcy or assets. The Mutual Fund's assets are not affected by the rights of the creditors of the Investment Manager and Investment Trustee, and in the event of a charge being attached on the monies of the Investment Manager or Investment Trustee such attachment shall not extend to any Mutual Fund being managed or supervised by the same.

(j) The following actions shall be considered null and void after issuing the declaration of the voluntary and compulsory liquidation:-

1-Any action contrary to what is indicated in these Instructions to the Mutual Fund's investment assets and monies.

2-Any change or modification of the duties of the chairman and members of the board of directors of the Mutual Fund or of the obligations of third parties towards the Mutual Fund.

3-Any remittance for the Mutual Fund or its assets, and any other disposition or execution made on such property or assets or doing any action with it by means of deception for preferring some of the creditors on others.

(k) Any person who has been convicted of having violated the previous article shall be subject to criminal and civil liability, or if it has been recognized that some of the liquidation procedures were done for general intent to defraud the creditors of the Mutual Fund.

(l) Should the liquidation not be finalized during one year of the commencement of its procedures, the liquidator shall send the Commission a statement illustrating the details of the liquidation and the stage it has reached. And in all circumstances, the period shall not exceed three years.

(m) Upon concluding all the Mutual Fund's liquidation procedures, the Commission shall issue and announce a decision to rescind the fund,. that

	should been published in two local daily newspapers at least once.. The Mutual Fund shall be cancelled from the Mutual Funds Register. *3. Review by the Commission.* The Commission will issue a decision granting or denying the mutual fund's request to deregister its status as a mutual fund based on its review of the Application. 4. *Oversight and supervision of the liquidation.* The Commission will oversee the liquidation and the activities of the liquidator to ensure that investor rights are protected. *5.Books and records requirement for deregistered funds.* Deregistered funds must maintain accounts and records specified in Article 14 of these Instructions for at least five years following deregistration. **h. Bankruptcy.** The provisions of Chapter 2 of the Commercial Code concerning bankruptcy shall apply to the mutual fund and to the members of the board of directors of a mutual fund.
6	**Registration Requirements for the Shares of Mutual Funds Offered to the Public** **a. Filing Requirements for the Prospectus and other Offering Documents with the Commission** All mutual funds must file with the Commission any prospectus, other offering documents, and any additional information requested by the Commission in accordance with Art. (34) and Art. (35) of the Securities Law. This filing shall be accompanied by a non-refundable fee as set by the Commission in The Jordan Securities Commission Fees Regulation for the Year 1999 equal to (one thousand Jordanian Dinars) D 1,000. **b. Disclosure Requirements for Prospectus and other Offering Documents Used by Mutual Funds to Offer Shares to the Public** Any prospectus for shares to be used by registered mutual funds to offer shares to prospective buyers and investors must follow the format and instructions set forth in the form in Annex II.

c. Declaration of "Effectiveness" by the Commission

1. *Effectiveness*. In accordance with the Art. (39) of the Securities Law, the prospectus is deemed effective 30 days after its submission to the Commission, unless within this period, the Board declares the prospectus effective or rejected. In addition, the Board may specify the period during which the prospectus is considered effective.

2. *Notification of comments.* The Commission shall in accordance with the provisions of the Instructions on Issuance and Registration of Securities, notify the Investment Manager and the designated contact person of the Mutual Fund of its comments on the prospectus within two weeks of receiving it for review by the Commission.

3. *Date of submission.* For the purposes of Article 6.c.1. above, the date of submission of the prospectus to the Commission shall be considered the date by which all data, information, and attachments specified by the Law and these Instructions have been received in their entirety by the Commission.

4. *Transactions without an effective prospectus.* It shall be a violation of the Securities Law and these Instructions for any persons to effect any transactions in shares of a mutual fund prior to the date upon which the offering documents for such shares have been declared effective by the Commission pursuant to Art. (39) of the Securities Law thereunder.

d. Requirements to Update Prospectus

All mutual funds must amend and update their respective prospectuses pursuant to the provisions set forth below:

1. *Annually.* Every prospectus used by mutual funds must be updated annually on the anniversary date of the later of the following:

    a. The initial declaration of effectiveness of the prospectus by the Commission; or

    b. Any subsequent declaration of effectiveness by the Commission on any updated prospectus.

	2. *Material Event.* If a material change occurs in the data in the prospectus or a new material event takes place, the fund must inform the Commission, as soon as such change occurs, and in accordance with the requirements of The Instructions of Issuing Companies Disclosure, Accounting and Auditing Standards and prepare an appendix to the prospectus, which shall be approved by the Commission, prior to accepting any new subscriptions. 3. *Requirement to file updated prospectus with Commission.* Every updated prospectus must be filed with the Commission in accordance with Art. (34) of the Securities Law and be declared in effect pursuant to Art. (39) thereunder. **e. Prospectus Delivery Requirement for the Purchase of Shares** In accordance with Art. (34)(C) of the Securities Law the sale of shares of a mutual fund that are a part of a public offering is not legally binding unless the buyer first receives a copy of the effective prospectus. **f. Requirement to Publish Prospectus to Existing Shareholders** 1. *Publication of prospectus.* The Investment Manager shall publicize within a reasonable time, in accordance with Art. (43)(C) of the Securities Law any updated prospectus or prospectus appendix. 2. *Certification of publication.* The Investment Manager shall submit a statement to the Commission certifying that any amended or updated prospectus has been published in accordance with the requirements of provision (1) above. The statement shall contain the date of publication and manner or methods used to publicize the prospectus to existing shareholders and shall be submitted to the Commission within thirty (30) days of the date of publication.
7	**Conduct and Administration of Mutual Fund Business** **a. Exemptions from Diversification Requirements** A mutual fund may request the Commission for an exemption from the requirements under Art. (102)(B) of the Securities Law. The Commission may,

upon review of the particular facts and circumstances of the mutual fund, grant the exemption for new products, such as index funds, or other aspects of mutual fund development that do not adversely affect public or investor interests. The request shall be handled in accordance with the procedures outlined below.

1. *Procedure for request for exemption.* All mutual funds seeking an exemption from the diversification requirements as provided for in Art. (102) of the Securities Law must file with the Commission an application for exemption under Art. (102)(C) that provides the following information or statements:

    (a) An identification of the mutual fund seeking an exemption and a statement of its investment objectives and policy;

    (b) The specific provision of Art. (102)(B) from which the mutual fund is seeking an exemption;

    (c) A detailed statement explaining the facts and circumstances under which the mutual fund is unable to comply with the requirements in Article (102) of the Securities Law;

    (d) The length of time for which the exemption is being requested;

    (e) A proposed plan outlining the steps the mutual fund will take to reestablish compliance with the exempted provision and the date when compliance is expected to be achieved, if appropriate.

2. *Issuance of decision by Commission.* The Commission will, upon receipt and review of the application for exemption, issue a decision either granting or denying the exemption application within thirty (30) days of receipt of the application, and provide in such statement the basis on which the decision was made. Such statement will be made available to the public upon request.

3. *Disclosure requirements.* If the Commission grants the application for exemptive relief from the diversification requirements, the mutual fund must disclose this fact in all sales literature, prospectuses, and in its semi-annual and annual reports. The disclosure must describe the provisions of the Securities Law that will not be complied with, the basis for such non-compliance, and the additional risks to the Fund. The disclosure must also include a declaration on the front page of the document that contains the language in provision 4. below and directs the reader to the section of the document where the exemption is fully discussed.

4. *Front page declaration.* All sales literature, prospectuses, performance summaries, and reports must include the following literal text within a rectangle on the front page of the document:

	"It is important that this should be read carefully by all investors. This Mutual Fund does not comply with all of the principles and criteria for diversification of investments as required by The Securities Law No. (76) for the year 2002. As a result, an investor may face additional risks when investing in this Mutual Fund. Additional information about these risks is available at [Insert section name or page number]. Each investor should carefully scrutinize and examine this document in order to decide whether it is appropriate to invest in these shares, taking into consideration all the stated facts in the light of his own situation." **b. Trading Practices** 1. *Transactions with the Investment Manager.* In accordance with the restrictions set out in Art. 102(B)(5), it shall be considered a violation of the Securities Law for any mutual fund to invest in securities issued by the Investment Manager of a mutual fund or by any company affiliated therewith, except as may be exempted by the Commission in accordance with Art. 102(C). 2. *Joint Transaction.* In accordance with the restrictions set forth Art. (106) (B) and Art. (103)(C), it shall be considered a violation of the Securities Law for any affiliated or interested person of a mutual fund (or any affiliated person of such a person), acting as a principal, to knowingly sell any security or other property to such a mutual fund unless the mutual fund is repurchasing its own shares or the mutual fund is purchasing shares as part of a public offering. 3. *Dual capacities*. No person shall jointly act as the Investment Manager and the Custodian, Investment Trustee or Underwriter for the Mutual Fund. 4. *Multiple positions.* Neither the Investment Manager nor the Investment Trustee shall act in the same role for more than three Mutual Funds in the same time period. 5. *Conflicts of interest.* Further provisions aimed at minimizing conflicts of interest between the mutual fund and the Investment Manager are stated in the Securities

	Law and in Art. 58 to 60 of the Financial Services Licensing and Registration Instructions for the year 2005.
8	**Calculation of "Current Net Asset Value"** **a. Net Asset Value** Net Asset Value shall mean the value per share or unit of a mutual fund as calculated by dividing the total assets of the fund less its liabilities by the total number of shares outstanding, as of a particular date. **b. Computation of the Current Asset Values** To compute a fund's current net asset value, any securities or other asset categories held by a fund shall be valued in accordance with the accounting principles approved by the Commission. **c. Frequency of Calculation of Current Net Asset Value** Every mutual fund shall compute the Current Net Asset Value of the fund on the last business day of every week by 4 p.m. of that day. **d. Publication Requirements of Net Asset Value to Shareholders** The Current Net Asset Value shall be available to current shareholders and prospective investors upon request and publicized no later than 4:00 p.m. in daily newspapers on the first business day of every week.
9	**Presentation of Fees and Expenses of Mutual Fund** **a. Requirement to disclose all fees and expenses to the investor and the Mutual Fund** All fees, expenses, charges, and levies paid by investors and assessed on the Fund's assets shall be disclosed to prospective investors and shareholders in the frequency and manner as provided for in Article 9.b. and 9.c. below. **b. Format for disclosing fees and expenses to the fund in offering documents**

and sales literature

1. *Disclosure requirement for documents.* No offering document, prospectus, or any form of sales literature as outlined in these Instructions shall be used to offer shares of the mutual fund to prospective investors or current shareholders without providing appropriate fee and expense information in accordance with the requirements of Article 9.b.2. and 9.b.3. that follows.

2. *Standardized Fee Table*

   (a) The presentation of fees and expenses must comply with the following:

      i. Reflect all the fees and expenses of the fund;

      ii. Distinguish clearly the fees charged directly to the investor and the fees and expenses borne by the fund and deducted from its assets;

      iii. Describe the fees and expenses paid on a historical basis;

      iv. Include the Total Expense Ratio (TER).

   (b) All fees, expenses, charges, and levies assessed to the mutual fund's assets or otherwise charged to the investor shall be presented in offering documents, such as the prospectus, in accordance with the Standard Fee and Expenses Table as provided in Annex III to these Instructions. If such fee information is presented in sales literature used by the mutual fund, then the presentation of such information will also be in accordance with the Standard Fee and Expenses table.

3. *Other formats.* Presentation of fees and expenses charged to the fund in a format other than that required in 9.b.2. above shall be submitted to the Commission with a statement as to the basis for such exception for the Commission's review and approval prior to its use in offering documents or sales literature.

c. Calculation of the Performance Fees

If an Investment Manager receives a performance fee from the fund based on the value of its assets, this fee shall be calculated as the percentage of the percentage increase in value of the average net asset value over each calendar month as compared to the average net asset value for the immediately preceding month. This fee shall accrue monthly and be payable annually.

d. Calculation of the Management Fees

	The Investment Manger shall receive an annual management fee which shall be calculated as an agreed on percentage per annum, which will be charged and calculated on the net asset value of the mutual fund at the end of each month, and shall be payable monthly. **e. Calculation of the Trustee Fee** The Investment Trustee shall receive a monthly trustee fee which shall be charged and calculated on the net asset value of the mutual fund at the end of each month, and shall be payable monthly. **f. Calculation of the Subscription Fee** This fee shall be calculated as a certain percentage of the value of the subscribed shares, and payable upon subscription to the Investment Manager.
10	**Presentation of the Financial Performance of the Fund** **a. Requirement to Present Financial Performance of the Mutual Fund** The mutual fund's financial performance presented in its prospectus, offering documents, or annual or semi-annual reports must be presented in accordance with the provisions of Article 10.b. and 10.c. below. **b. Calculation of Performance Data** Performance information included in the prospectus should be calculated in the following manner: 1. *Average Annual Total Return Quotation*. For the 1-, 3-, and 5-year periods (or for the periods the Fund has been in operation), ended on the date of the most recent balance sheet (from the prospectus, annual or semiannual report) calculate the Fund's average annual total return by finding the average annual compounded rates of return over the 1-, 3-, and 5-year periods (or for the periods of the Fund's operations) that would equate the initial amount invested to the ending redeemable value, according to the following formula:

$$P(1+T)^n = ERV$$

Where:

P = a hypothetical initial payment of JD1,000

T = average annual total return

n = number of years

ERV = ending redeemable value of a hypothetical JD 1,000 payment made at the beginning of the 1-, 3-, or 5-year periods at the end of the 1-, 3-, or 5-year periods (or fractional portion)

2. *Instructions for calculation of Average Annual Total Return. Quotation.* The calculation of the average annual total return quotation must be done in accordance with the instructions provided in Annex IV to these Instructions.

3. *Yield Quotation*. Based on a 30-day (or one month) period ended on the date of the most recent balance sheet (from the prospectus, annual or semiannual report) calculate the Fund's yield by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period, according to the following formula:

$$YIELD = 2[((a - b)/cd+1)^n - 1]$$

Where:

a = dividends and interest earned during the period.

b = expenses accrued for the period (net of reimbursements).

c = the average daily number of shares outstanding during the period that were entitled to receive dividends.

n = 6

d = the maximum offering price per share on the last day of the period.

4. *Instructions to calculate Yield Quotation.* The calculation of the yield quotation must be done in accordance with the instructions provided in Annex IV to these Instructions.

c. Calculation of Financial Performance by Alternative Methods

1. *Approval for alternative methodology*. A mutual fund may use an alternative method to calculate and present financial performance of the fund only after submitting an application to the Commission that provides a

	statement as to the basis for such alternative calculation and receiving an approval from the Commission. 2. *Disclosure requirements*. The presentation of financial performance information by the mutual fund in its offering documents, sales literature, or advertising materials, or periodic reporting pursuant to an alternative methodology must be accompanied by disclosure outlining the material aspects of the methodology used and a statement on the comparability of this performance with the methodology recommended by the Commission in provision (b) above.
11	**Use of Sales Literature by Mutual Funds** **a. Definition of Sales Literature and Advertising** For purposes of the Securities Law and these Instructions, sales literature shall mean all advertisements, promotional publications, pamphlets, circulars, form letters, or any other communications, electronic or otherwise, prepared for the purpose of marketing a mutual fund to any investor. **b. Content Standard for Sales Literature** All sales literature addressed to or intended for distribution to prospective investors, shall comply with the following standards: 1. *Disclosure of all material facts.* All sales literature and advertising should provide a sound basis for evaluating the facts in regard to the security being offered for sale. No material fact may be omitted, if the omission in light of the context of the material presented, would cause the communication to be misleading. 2. *Misleading statements*. In accordance with Art. (107)(B), and(D) of the Securities Law, no advertisements and sales literature may contain any false or misleading data regarding the nature of the fund's business, the success thereof, its financial condition, and future prospects, or regarding the rights and privileges conferred by the securities or other asset categories held by a fund. In determining whether a communication may be misleading, the mutual fund should consider the following factors: (a) The overall context in which the statement has been made and the extent to which the statement presents a balanced treatment of

risks and potential benefits.

(b) The audience to which the communication is directed and the modification or supplementation of the communication with additional information based on the needs of the target audience.

(c) The overall clarity of the communication and the degree to which complex information has been presented in language and terms easily understandable to the ordinary person.

3. Claims and opinions. In accordance with Art. (107)(B) and (D) of the Securities Law, no sales literature or advertising shall contain promises of specific results, exaggerated or unwarranted claims or unwarranted superlatives, opinions for which there is no reasonable basis, or forecasts of future events which are unwarranted, or which are not clearly labeled as forecasts.

4. Comparisons. In making a comparison in advertisements and sales literature, either directly or indirectly, the mutual fund must make certain that the purpose of the comparison is clear and must provide a fair and balanced presentation, including any material differences between the subjects of comparison. Such differences may include investment objectives and any other factors necessary to make such comparisons are fair and not misleading. The mutual fund in doing so must take special care not to contravene the provisions of Unfair Competition and Trade Secrets Law.

c. Presentation of Financial Information

All sales literature addressed to or intended for distribution to prospective investors shall comply with the requirements for the presentation of financial performance as provided for by these Instructions in Article 10 above.

d. Approval of Use

Each item of advertising and sales literature shall be signed by a principal of the firm and submitted to the Commission prior to its use for their approval.

e. Recording Keeping Requirements for Sales Literature

All sales literature used by a mutual fund or its affiliated persons must be retained by the fund in a separate file that includes the name(s) of the person(s) who prepared and/or approved their use for a minimum of five years from the date of last use in a

	separate file in accordance with Article 14 of these Instructions.
12	**Management of the Mutual Fund** **a. By-Laws** The financial, administrative, and accounting issues of a mutual fund shall be organized in accordance with the by-laws prepared by its Board of Directors. The by-laws shall specify in detail the duties, responsibilities and powers of the Board of Directors regarding the management and operation of the mutual fund. **b. Board of Directors** The oversight and management of the mutual fund shall be entrusted to the Board of Directors whose members shall not be less than three (3) and not more than thirteen (13) natural persons as stipulated by the Mutual Fund's Memorandum of Association. **c. Requirements for the Board of Directors** The Board of Directors of every mutual fund shall operate in accordance with the following: 1. *Initial Board of Directors.* The founders of the Mutual Fund shall appoint an initial Board of Directors at the time of their application to register as a mutual fund with the Commission. This initial Board of Directors shall operate in accordance with the following: (a) All appointments to such a Board shall meet all of the conditions and requirements for membership provided by these Instructions, the Securities Law, regulations, and decisions; (b) Every appointment of a member to initial Board shall state when such member shall stand for election by the General Assembly at its annual meeting, and in no instance shall an initial member serve longer than six (6) months without being voted upon by the General Assembly; (c) The schedule for election for the initial Board of Directors shall comply with requirements in provision (7) of this Article; (d) The initial Board of Directors shall comply with all of the

requirements for Board of Directors as provided for in the Securities Law, these Instructions, regulations, and decisions.

(e) No more than 20% of the Board of Directors shall be affiliated with an Investment Manager.

2. *Conditions for membership.* The Memorandum of Association and the By-Laws for the Mutual Fund shall specify the conditions required to be satisfied for nomination for Board membership, including the number of shares that must be held by a person in order to be nominated for Board membership, and any provisions related thereof.

3. *Minimum requirements.* Every mutual fund shall require that persons appointed to or nominated for membership of the Board are more than twenty-one years old, are not civil servants in the Government or an official public corporation, and are not members of the Board of Directors of another mutual fund whether in their personal capacity or as a representative of a juristic person.

4. *Prohibited persons for Board membership.* Any person convicted of the following shall be barred from serving on the Board of a mutual fund:

(a) Any felony or misdemeanor involving acts of bribery, embezzlement, theft, forgery, abuse of confidence, or false testimony;

(b) Any crime against public manners and morals;

(c) Any violation of the Securities Law;

(d) Any act identified in Article (278) of The Companies Law No. 22 of 1997 as amended by the Temporary Law No. (40) for the year 2002; or

(e) Any person who is incapacitated or has declared bankruptcy at the time of nomination.

5. *Eligibility requirements.* Only those persons meeting all of the eligibility criteria and the minimum requirements specified in these Instructions and the Memorandum of Association of the Mutual Fund and its By-Laws shall be nominated for membership to the Board of Directors.

6. *Compliance with restrictions on interested persons.* The membership of the Board of Directors shall comply at all times with the requirements of Art. (106) of the Securities Law.

7. *Schedule for election.* One-fourth of the members of the Board of Directors shall stand for election by the shareholders at every annual General Assembly meeting.

8. *Term of service.* Every elected member of the Board of Directors shall serve a term of four years from the date of their approval by a majority of shareholders

d. Election of a Board of Directors' Chairman and Deputy Chairman

1. *Chairman and Deputy Chairman.* The Board of Directors of the mutual fund shall elect a Chairman from amongst its members by means of a secret ballot with the approval of two-thirds of the Board members. The Chairman may be a full-time employee with the approval of two-thirds of the Board members. The Board of Directors shall in this case determine the powers and duties which he may expressly exercise and shall fix his due fees and bonuses, provided that he not be a full-time chairman of the board of directors of another mutual fund or public shareholding company. The Board shall also elect a Deputy Chairman to assume the duties and responsibilities of the Chairman in his absence. The Chairman and the Deputy Chairman shall each be elected for a term of one year.

2. *Signatory for the mutual fund.* The Board of Directors shall also elect from amongst its members one or more member(s) who shall have the right to sign on behalf of the mutual fund severally or jointly in accordance with the powers delegated to them by the Board.

3. *Submission to the Commission.* The Board of Directors of the mutual fund shall provide the Commission with copies of its decisions related to the election of the Chairman, Deputy Chairman, and the authorized member(s) to sign on behalf of the mutual fund accompanied by a specimen of their signatures within seven days from the date of issuing the said decisions.

e. Disclosure of Property Owned by Members of the Board of Directors

1. *Disclosure.* Every member of the Board of Directors shall, at the time of nomination, disclose all holdings and interests in any mutual fund by the nominated member and/or their immediate families. Any change that may occur to the stated holdings must be disclosed to the Board within fifteen days from the date on which such change occurs.

2. *Submission to the Commission.* The Board of Directors shall present the Commission with copies of the disclosure statements provided by members of the Board of Directors within seven days from the date of their election to the Board or of any subsequent changes to their original disclosure.

f. Resignation of a Board of Directors' Member

Any member of the Board of Directors of a Mutual Fund may submit his resignation from the Board in writing. Such resignation shall take effect as of the date of its submission to the Board and may not be withdrawn. The Board of Directors of the mutual fund shall then provide the Commission with a copy of such resignation within seven days of the date that the written resignation is submitted to the Board.

g. Loss of Membership in the Board of Directors

The Chairman of the Board of Directors of a Mutual Fund or any member thereof shall lose his Board membership if he is absent for more than four consecutive meetings of the Board of Directors without a reason acceptable to the Board, or if he is absent from the meetings of the Board of Directors for six consecutive months even if there is a reasonable basis for his absence. The Commission shall be informed of the decision of the Board of Directors taken in accordance with the provisions of this article.

h. Right of the General Assembly to Dismiss the Chairman and Members of the Board of Directors

The General Assembly of the Mutual Fund shall have the right to dismiss the Chairman of the Board of Directors or any of its members. This right shall be exercised in accordance with the following:

1. *Request from shareholders*. Shareholders representing at least 30% of the shares of the Mutual Fund must submit a signed dismissal request to the Board of Directors with a copy to the Commission;
2. *Extraordinary meeting.* The Board of Directors shall invite the General Assembly to hold an extraordinary meeting within ten (10) days from the date of submission of the dismissal request and shall hold the meeting within thirty (30) days from the date of submission of the dismissal request;

3. Meeting at the request of the Commission. If the Board fails to invite the General Assembly to a meeting, the Commission shall do so at the expense of the Mutual Fund;

4. Review by General Assembly. The General Assembly shall discuss the dismissal request of any member and may listen to his statements either

verbally or in writing, after which the shareholders will vote on the request by secret ballot. In the event of non-dismissal the General Assembly may not discuss such dismissal for the same reasons for at least six months after the meeting discussing the dismissal has taken place.

5. *Election of Replacement.* If the General Assembly decides to dismiss the said member of the Board of Directors then it shall elect his replacement in accordance with the requirements stipulated in these Instructions, the Securities Law, regulations and decisions.

i. Vacancy on the Board of Directors

1. *Provisional member.* If the office of any member of the Board of Directors becomes vacant, for whatever reason, the Board of Directors shall promptly elect a temporary member from individuals who meet the conditions and requirements for membership to fill the vacancy. This membership shall be provisional until it has been presented to the shareholders at the next General Assembly for their approval of the provisional member. If the next General Assembly does not approve the provisional member, his membership is terminated.

2. *Election of member.* If the next General Assembly does not approve the provisional membership as required in provision i.1. above, then such member's provisional membership shall terminate and the General Assembly shall then elect a member in the following General Assembly Meeting.

3. *Maximum number of vacancies.* No more than one-third of the Board of Directors shall be provisional members of the Board at any time. Thereafter, the Chairman shall convene an extraordinary General Assembly to elect the new Board of Directors.

j. Duties of the Board of Directors

The Board of Directors of a mutual fund shall, on the behalf of shareholders, be responsible for overseeing the operation of the mutual fund, the activities of the Investment Manager, Investment Trustee and any other service provider to the Fund, and for monitoring the management and operation of the fund for conflicts of interest.

Their responsibilities shall include, but are not limited to the following:

1. *Chairman of the Board*. The Board of Directors shall determine the powers and duties of the Chairman that he may expressly exercise and

	shall establish his compensation and bonus. 2. *Engagement of an Investment Manager.* The Board of Directors shall in accordance with Art. (95)(A) of the Securities Law appoint, subject to approval by the General Assembly, and supervise an Investment Manager to manage the Mutual Fund's portfolio. 3. *Audit Committee.* The Board of Directors shall in accordance with Art. (15) of the Instructions of Issuing Companies Disclosure, Accounting Standards establish an Audit Committee of three non-executive members Board members to perform the functions and responsibilities outlined in such Instructions. 4. *Code of Ethics.* The Board of Directors shall establish and approve a Code of Ethics for the Mutual Fund. 5. *Proxy voting policies.* The Board of Directors shall establish and approve the policies and procedures relating to the voting of proxies in connection with portfolio securities. 6. *Compliance procedures.* The Board of Directors shall establish and approve written compliance procedures and policies of the mutual fund and each service provider to the fund. Such polices and procedures must be reasonably designed to prevent violation of the Securities Law and any other relevant legislation in force. 7. *Custody and Service Contracts.* The Board of Directors shall review and approve custody and service provider arrangements. 8. *Valuation and net asset value calculation.* The Board of Directors is responsible for the proper valuation of the assets of the mutual fund. To do so, the Board must: (a) Develop a valuation policy for the assets of the mutual fund; (b) Specify the time when the mutual fund must calculate its net asset value, providing it does not contradict with the provisions of Art. 8 of these Instructions; (c) Maintain oversight and on-going supervision over the valuation of the assets of the mutual fund if the implementation of the valuation policy and process has been delegated to the Investment

Manager.

9. *Financial reports.* The Board of Directors shall in accordance with the Securities Law, these Instructions, and the Instructions on Companies Disclosure, Accounting and Auditing Standards prepare all financial reports of the Mutual Fund, including an annual and semi-annual report.

10. *Increase in capital.* In accordance with Art. (99) of the Law the Board of Directors of an Open-end Mutual Fund shall have the right to increase its authorized share capital, without the need to obtain the approval of the Mutual Fund's General Assembly.

k. Liability of the Chairman and the Board of Directors

1. *Liability of the Mutual Fund against third parties.* The Board of Directors of a Mutual Fund shall be endowed with the powers as set forth in the Mutual Fund's Memorandum of Association. Actions and deeds conducted and exercised by the Board of Directors shall be binding on the Mutual Fund against third parties dealing with the Mutual Fund.

2. *Right of recourse for the Mutual Fund.* The Mutual Fund shall have the right of recourse on the Board of Directors to claim any compensation resultant of damage from the actions of the Board of Directors.

3. *Violation of By-Laws.* The Chairman and the members of the Board of Directors are responsible to the Mutual Fund, shareholders and others for every violation committed by any or all of members of the laws and regulations in force and the Memorandum of Association and for any error in the management of the Mutual Fund. The consent of the General Assembly for absolving the Board from its responsibility shall not prevent legal recourse against the Chairman and the Board of Directors.

4. *Default and Negligence.* The Chairman and the members of the Board of Directors shall be jointly and severally liable to shareholders for any default or negligence in the management of the Mutual Fund. The consent of the General Assembly for absolving the Board from its responsibility shall not prevent legal recourse against the Chairman and the Board of Directors.

l. Responsibilities of the Chairman of the Board of Directors

The Chairman of the Board of Directors shall represent the Mutual Fund before others and before all authorities including the competent juridical authorities. The Chairman shall also be responsible for the following:

1. The exercise of all powers accorded to him in accordance with the provisions of the Securities law, these Instructions, regulations, decisions, the By-Laws of the Mutual Fund, and any other powers granted to him by the Board of Directors.

2. Implementation of the decisions of the Board of Directors in cooperation with the Investment Manager of the Mutual Fund or other service provider to the Fund.

m. Duties of the Board of Directors Secretary

The Board of Directors shall appoint from amongst its members the secretary of the Board and shall determine his remuneration. The secretary shall have the following duties: arranging the Board meetings, preparing the agenda, and recording the minutes of the Board's meetings and decisions in a special register and on consecutive pages having serial numbers. The Board's Chairman and members who attended the meetings shall sign the said register and each page shall be stamped with the mutual fund seal.

n. The Board of Directors Meetings

The Board of Directors of a Mutual Fund shall hold meetings at least six times during the fiscal year of the fund provided that not more than two months lapse before holding a Board meeting. The Commission shall receive a copy of the invitation of each such meeting.

1. *Meeting by Invitation.* The Board of Directors shall meet at the written invitation from the Chairman.

2. *Meeting at request of Board members.* The Board of Directors shall meet upon a written request of at least one-quarter of the Board's members submitted to the Chairman. The request to the Chairman shall state the basis for the request. Upon receipt of the request, the Chairman shall

have seven days to invite the Board for a meeting and if he fails to do so, the members who submitted the request shall have the right to invite the Board to meet.

3. *Required attendance.* The Board of Directors shall hold its meetings in the presence of the absolute majority of the Board's members at the headquarters of the Mutual Fund, or in any other place if such meeting cannot be held at the headquarters.

4. *Requirements for voting.* Voting on decisions before the Board may only be done by members in person. Voting by proxy or by any other indirect manner shall not be permitted, subject to the exception stated in Article 12.j.5. of these Instructions.

5. *Decisions of the Board.* The decisions of the Board of Directors shall be adopted by a majority of the members present at the meetings and in the event the vote does not have a majority, the Chairman shall have the casting vote.

o. Prohibitions on the Board of Directors and the Chairman of a Mutual Fund

1. *Disclosure of proprietary information.* The Board of Directors of a Mutual Fund, the Chairman, all employees, if any, and all service providers of a Mutual Fund are prohibited from disclosing any information or data of a confidential nature acquired while in their official capacity in the Mutual Fund, or as a result of undertaking any business on behalf of the Fund unless the disclosure of such information is done in accordance with the requirements of the Securities Law, these Instructions, regulations, or decisions. Any such disclosure shall result in the dismissal of the disclosing person and claims for damages by the Mutual Fund for any harm caused as a result of such disclosure. The consent of the General Assembly for absolving the Chairman and the Board of Directors from its responsibility shall not limit their liability in this regard..

2. *Dealing with Mutual Fund shares.* With respect to the shares of the Mutual Fund, the Board of Directors of a Mutual Fund, the Chairman, and all employees, if any, of the Fund are prohibited from the following:

(a) Dealing directly or indirectly in the shares of the Mutual Fund on the basis of non-public information which may have been acquired by any one of them in their position in or work for the Fund; or

	(b) Revealing information to persons with the intent of affecting prices of the shares of the Mutual Fund. 3. *Loans to the Board of Directors.* A Mutual Fund is prohibited from advancing loans of any kind to the Chairman or any of the members of the Board of Directors or their immediate families. **p. Notification to the Commission of a Serious Loss to the Mutual Fund** The Chairman of the Board of Directors, any member of the Board, the Investment Manager, Investment Trustee, or auditor shall notify the Commission of the following: 1. *Rights of Shareholders.* The Commission shall be notified at the occurrence of any financial or administrative disorder that affects the rights of the shareholders of the Mutual Fund. 2. *Misconduct of the Board.* The Commission shall be notified if the Board of Directors, any of its members, or the Chairman exploit their powers and position in any manner for their or another's personal gain.
13	**Administration of a Mutual Fund during Transfer of Investment Manager** **a. Notification Requirements** 1. *Notification to the Commission.* The Board of Directors must notify the Commission in writing within seven days when it has appointed a new Investment Manager that has been approved by shareholders in accordance with Art. (103) of the Securities Law and Article 17.b.6. of these Instructions. 2. *Notification to shareholders and investors.* The Board of Directors must notify shareholders and investors within seven days of the approval of a new Investment Manager by the General Assembly. This notification must be provided in accordance with the following: (a) *Special notification.* The Board of Directors shall send every shareholder a special notification through the mail disclosing the change in Investment Manager of the Mutual Fund. The notification will identify the firm that will act as the new Investment Manager and provide information on the key

personnel who will be managing the Fund, details of its operating history, the date on which the new Investment Manager will assume its responsibilities for the Fund, and a statement identifying other mutual funds for which the firm acts either as Investment Manager or Investment Trustee.

(b) Publication of change. The Board shall also publicize the change on its website, if applicable, and in two daily newspapers in Arabic.

b. Disclosure Requirements for Mutual Fund Documents

All Mutual Fund documents, including but not limited to, sales literature, advertising, prospectuses, reports, summaries, websites, and any other document, electronic or otherwise, must disclose the change in Investment Manager of the Fund. The disclosure must also include a declaration on the front page of the document that contains the language in provision 1. below and directs the reader to the section of the document where the change in Investment Manager is fully discussed. This disclosure shall be done in accordance with the following:

1. *Front-page declaration.* All sales literature, prospectuses, performance summaries, and reports must include the following literal text within a rectangle on the front page of the document:

"It is important that this should be read carefully by all investors.

A new Investment Manager-[Name of firm] has been appointed and approved for this Mutual Fund. This change in management of the Fund shall be effective from [insert date]. Additional information about these changes is available at [Insert section name or page number].

Each investor should carefully scrutinize and examine this document in order to decide whether it is appropriate to invest in these shares, taking into consideration all the stated facts in the light of his own situation.

The Securities Commission shall bear no responsibility for the failure to include in the prospectus any necessary and important information or data or for including therein false or inaccurate information or data, as this is the responsibility of the party that prepares the prospectus."

	2. Update Prospectus. The Board of Directors must update the prospectus in accordance with the requirements of The Instructions of Issuing Companies Disclosure, Accounting and Auditing Standards and prepare an appendix to the prospectus, which shall be approved by the Commission. **c. Management of Shareholder Information** The current Investment Manager shall transfer all shareholder account information, which includes, but is not limited to name and contact information, to the Investment Trustee at least seven business days prior to the effective date of the contractual arrangement with the new Investment Manager. This shareholder account information shall be managed in accordance with the following: 1. *Confidential treatment.* The Investment Trustee shall be responsible for treating the shareholder account information developed by the previous Investment Manager as confidential information and shall not release this information to the new Investment Manager or any third party. 2. *Communications.* The Investment Trustee shall, at the direction of the new Investment Manager, be responsible for all required communication, including, but not limited to, reports and account statements, with those shareholders whose account information was transferred to the Investment Trustee by the previous Investment Manager. The Investment Trustee may not, however, provide these shareholders with any marketing, sales, or advertising materials for any other mutual funds, products, or services offered by the new Investment Manager. 3. *Violation.* It shall be considered a violation of these Instructions for the new Investment Manager to provide shareholders developed by the previous Investment Manager with any marketing materials, solicitation materials, or advertising materials for any other mutual fund, product, or service.
14	**Code of Conduct for Mutual Funds and Investment Managers and Investment Trustees** *2.1.1* ***Conduct of Business*** **a. Investment Manager**

The investment manager shall conduct its business activities in accordance with the terms and arrangements outlined in the agreement between itself and the mutual fund's Board of Directors, and in accordance with the Securities Law and Art. (26) – (32) of the Financial Services Licensing and Registration Instructions for the year 2005. The investment manager shall not have a direct or indirect beneficial investment interest in any transaction it conducts for the Mutual Fund. The investment manager is prohibited in accordance with the Securities Law from borrowing monies from such Mutual Fund.

b, Investment Trustee

The investment trustee shall conduct its business activities in accordance with the terms and arrangements as outlined in the agreement between itself and the investment manager and the Board of Directors of the mutual fund, and in accordance with the Securities Law and Articles (23) – (25) of the Financial Services Licensing and Registration Instructions for the year 2005.

c. Suspension of Mutual Fund's Activities

The Commission shall suspend the activities of the Mutual Fund in the event that either one or both of its Investment Manager or Investment Trustee have had their licenses revoked or are undergoing liquidation procedures. In the event the Mutual Fund fails to rectify this situation within one month from the suspension date, the Commission shall order such fund to undergo compulsory liquidation.

d. Requirements for the Sale and Repurchase of the Shares of an Open-End Mutual Fund

1. *Sales and repurchases of shares of open-end funds.* All sales and repurchases of shares of open-end mutual funds shall only be made in accordance with Art. (97) and Art. (100) of the Securities Law and the manner and frequency provided in the provisions below.

2. *Frequency of subscription.* All mutual funds shall allow investors to subscribe or redeem fund shares at a frequency of at least once every two business weeks.

3. *Processing of transaction.* All subscriptions or redemptions for fund shares must be processed by 4 p.m. on the last business day of the week.

4. *Pricing of newly subscribed or redeemed shares.* All subscriptions for or redemptions of fund shares processed in accordance with provision (3) above will be priced at the next current net asset value computed by the fund.

5. *Settlement of the purchase of shares.* All purchases or redemptions of shares conducted in accordance with the provisions above shall be settled in no more than five business days following the computation of the next net asset value.

e. Repurchases of Shares for a Closed-End Fund

1. Restrictions on repurchases of closed end funds. Repurchases of shares of a closed-end fund by the fund shall only be done in the same manner and in accordance with the requirements and restrictions imposed on the repurchase of shares of other publicly-traded companies as set out in the Buyback Instructions of Public Shareholding Companies Shares for the year 2001, unless an exemption is granted by the Commission.

2. Application for exemption. A closed-end fund seeking exemption from the repurchasing rules referred to in provision (1) above must apply to the Commission. The application must demonstrate special and unusual circumstances and provide a basis for the request. The application must also outline a plan for the exempted repurchase of shares and a time frame in which it will execute the proposed plan.

f. Requirements for the Conversion of a Closed-End Fund to an Open-End Fund

1. Application to the Commission. Those closed-end funds seeking to convert their fund classification from closed-end fund to open-end in accordance with the provisions of Art. (96)(B) of the Securities Law may do so only after submitting an application to the Commission for their review and approval. The Commission shall issue its decision approving or denying the application within thirty (30) days after its receipt. This application must meet with the requirements outlined in the provisions of Article 14.e.2. to Article 14.e.4 below:

2. Plan for conversion. The application to the Commission to convert the fund's classification must contain a detailed plan outlining the steps for the conversion, the expected time frame within which it will be executed, and the basis for such conversion.

	3. Shareholder voting for conversion. The application shall also include a statement on whether the mutual fund has adhered to the requirements of provisions governing the management of the mutual fund as outlined in these Instructions which require that shareholders of the mutual fund have approved the change in the mutual fund structure. *4. Oversight and supervision.* The Commission will exercise oversight and supervision to ensure that the mutual fund implements the approved Plan for Conversion and that investors' interests are protected. *5. Registration and disclosure*. The shares of the converted close-end mutual fund shall be de-listed one day prior the determined conversion date, in addition to deregistering the mutual fund as a close-end mutual fund with the Commission. Every mutual fund that so converts shall be required to register with the Commission under the new classification. It shall also be subject to all of the applicable provisions and requirements of the Securities Law, and all relevant instructions. Additionally, it shall disclose such change in the mutual fund structure in the fund's offering documents, advertising and sales literature, and annual and semi-annual reports.
15	**Reporting Requirements for Mutual Funds** **a. Annual Report** Every mutual fund shall, in accordance with Article (43) of the Securities Law and the Instructions for Disclosure, Accounting, Auditing Standards of Issuing Companies, file an annual report, including financial statements certified by the auditor, within 90 days of the end of the fiscal year in which the registration of the mutual fund became effective and for each fiscal year thereafter that contains the information requested below. Such reports shall be prepared by the mutual fund's Investment Manager and shall be approved by the mutual fund's Investment Trustee. 1. *The Board of Director's Report.* The Fund's Board of Directors' Report shall comply with the requirements outlined in Instructions for Disclosure, Accounting, Auditing Standards of Issuing Companies and shall also include: (a) The Fund's capital for the preceding five years or from the date of

its establishment, whichever is less;

(b) An analysis of the Fund's financial status and the results of its activities during the fiscal year;

(c) An identification of all providers of services to the mutual fund.

2. *Audited Financial Statements.* The Fund's annual audited financial statements benchmarked against the previous year, and which shall include:

(a) Net Asset Value of the Fund;

(b) Monthly sales and repurchases of the mutual fund's shares;

(c) Identification of all fees imposed on shareholders;

(d) A statement on the holdings of the fund in each type of investment category and a reconciliation of these holdings with the stated investment objectives and practices of the fund.

3. *Auditors' Report.* The auditors' report on the Fund's annual financial statements, which includes an affirmation that the audit procedures are consistent with the international auditing standards in accordance with Art (16) of the Instructions of Issuing Companies Disclosure, Accounting, and Auditing Standards.

4. *Investment Manager Declaration.* A declaration from the Fund's Investment Manger that, according to his knowledge and belief, there are no substantial matters pending that would materially impact the Fund's continuity during the next fiscal year.

5. *Exemptions.* The Board of Directors' Report of a mutual fund shall be exempt from Art. (4)(B)(2) and Art. (4)(B)(6) of the Instructions of Issuing Companies Disclosure, Accounting and Auditing Standards.

b. Semi-Annual Report

1. *Requirement to file.* Every mutual fund shall, in accordance with Article (43) of the Securities Law and the Instructions for Disclosure, Accounting, Auditing Standards of Issuing Companies, file with the Commission a semi-annual report reviewed by its auditors not more than thirty (30) days after the close of its bi-annual fiscal year.

	2. *Content for report.* The Fund's un-audited financial statements benchmarked with the previous six-month time periods, and which shall include: (a) Net Asset Value of the Fund; (b) Monthly sales and repurchases of the mutual fund's shares; (c) Identification of all fees imposed on shareholders; (d) A statement on the holdings of the fund in each type of investment categories and a reconciliation of these holdings with the stated investment objectives and practices of the fund. 3. A declaration from the Fund's Investment Manager that, according to his knowledge and belief, there are no substantial matters pending that would materially impact the Mutual Fund's continuity during the next six-month time-period. **c. Presentation of Financial Performance in Reports** All presentations of the financial performance of the fund in the reports required in Article 13.a. and Article 13.b. shall only be done in accordance with the provisions in Article 10. of these Instructions. **d. Filing of Reports with Shareholders** Mutual funds shall publicize their reports in a local daily newspaper, or by means of written or electronic mailings addressed to each shareholder in accordance with the provisions of Art. (43)(C) of the Securities Law.
16	**3.0 Accounts and Records** a. In accordance with the provisions of Art. (105) of the Securities Law, and Art (29) of the Financial Services Licensing and Registration Instructions for the year 2005, the Investment Manager, on behalf of the mutual fund, shall keep and maintain proper books of accounts, records, and documents for the fund so as to explain any transaction and to disclose at any point in time a true and fair view of the financial position of the fund.

	b. The Fund must also maintain all organizational documents (e.g. Articles of Incorporation, By-Laws), regulatory filings, and all office records related to the mutual fund. c. The Fund must disclose to the Commission the location of these accounts, records, and documents. All accounts and records for registered mutual funds must be maintained in Jordan or the mutual fund must reimburse all travel expenses incurred by the Commission inspectors traveling to inspect the funds. d. All books, records, or documents produced by a Fund shall be maintained for a period no less than five (5) years, and for the first three (3) years, be maintained in a readily accessible form and location. e. The books and records mentioned in Article 14 of these Instructions may be maintained either physically or electronically. In all cases the Fund must ensure that: 1. Adequate, appropriate and preventive measures are taken against the risk of falsification of information and to ensure the safety thereof. 2. The information and data shall be available accurately and clearly within a reasonable time to any person entitled to examine the records or have access thereto. 3. All electronic versions of sales literature must be stored in a format that cannot be erased, modified, or amended in any manner.
17	**4.0 Rights of Shareholders of Mutual Funds** The rights of shareholders of mutual funds shall be in accordance with those rights enumerated in The Securities Law, these Instructions, regulations, and decisions. **a. Requirements for an Ordinary Meeting of the General Assembly** The General Assembly of a mutual fund shall hold at least one ordinary meeting per year inside the Kingdom in accordance with the following: 1. The date shall be set by the Board in agreement with the Commission and shall be held within the four months following the end of the fiscal year of the mutual fund;

2. The Board of Directors shall direct an invitation to each shareholder to attend the General Assembly to be sent via ordinary mail at least fourteen days prior to the date for the meeting. The invitations may be delivered to the shareholder by hand against a signature of receipt;
3. The agenda of the General Assembly meeting and the mutual fund Board of Directors report, its annual balance sheet and final accounts, in addition to the auditors' report and the explanatory statements shall be enclosed with the invitation;
4. The Board of Directors shall announce the date set for the General Assembly in two local daily newspapers, at least once, within the period of fourteen days prior to the date of the meeting;
5. The Board of Directors must announce the date set for the General Assembly once on radio or television within the period of three days prior to the date of the meeting.
6. Shareholders representing more than one-half of the Mutual Fund's subscribed shares must be in attendance at the ordinary meetings of the General Assembly to constitute a legal quorum.
7. If such a quorum is not present after one hour from the time set for the meeting, the chairman of the Board of Directors shall do the following:

    (a) Direct an invitation to the General Assembly to hold another meeting within ten days from the date of the first meeting;
    (b) Publish the invitation to the meeting in at lest two local daily newspapers at lest three days prior to the date set for the meeting;
    (c) The subsequent meeting shall be considered legal regardless of the shares represented therein.

b. The Powers of the General Assembly in its Ordinary Meeting and its Agenda

The powers of the General Assembly of a mutual fund shall include all powers necessary for considering, discussing and taking the appropriate decisions on all mutual fund related issues, including the following:

1. Report of the Board of Directors on the activities of the mutual fund, during the year, along with its future plans;
2. Report of the mutual fund auditors on the balance sheet of the mutual fund, other final accounts and financial status and position;
3. Annual balance sheet, the profits and loss account and deciding upon the dividends that the Board of Directors proposes to distribute, including the reserves and allocations, in accordance with the Memorandum of Association of the mutual fund may stipulate;
4. Election of the members of the Board of Directors;

5. Election of the mutual fund auditors for the next fiscal year, and deciding on their remuneration or authorizing the Board of Directors to do the same;
6. Approval of the contract with the Investment Manager and its remuneration;
7. Borrowing by the mutual fund;
8. Any material changes to the investment objectives of the mutual fund;
9. Any other matter stipulated by the Board of Directors in the meeting's agenda;
10. Any other matter which the General Assembly proposes to include in the agenda, and are within the work scope of the General Assembly, provided that such a proposal is approved by the shareholders representing not less than 10% of the shares represented in the meeting.

c. Requirements for an Extraordinary Meeting of the General Assembly

The General Assembly of a mutual fund shall hold an extraordinary meeting inside the Kingdom upon the invitation of the Board of Directors, or upon a written request submitted to the Board from shareholders holding not less than one-quarter of the mutual fund's subscribed shares, or upon a written request submitted by the mutual fund's auditors, or the Commission. The extraordinary meeting shall be held in accordance with the following:

1. The Board of Directors shall issue an invitation to the General Assembly within fifteen days of receiving a request for an extraordinary meeting from the shareholders, mutual fund auditors, or the Commission and shall hold the meeting within forty-five (45) days of receiving the request. .
2. If the Board of Directors fails to respond to the request or issue such invitation required in (1) above, the Commission shall invite the General Assembly at the expense of the mutual fund;
3. The invitation for the extraordinary meeting shall include the issues to be presented and discussed. All amendments to the Mutual Fund's documents shall be included if they are the subject of the meeting;
4. Shareholders representing no less than two-thirds of the mutual fund's subscribed shares are required to constitute a legal quorum for the extraordinary meeting;
5. If such a quorum is not present after one hour from the time set for the meeting, the chairman of the Board of Directors shall do the following:

   (a) Direct an invitation to the General Assembly to hold another meeting within ten days from the date of the first meeting;
   (b) Publish the invitation to the meeting in at lest two local daily newspapers at lest three days prior to the date set for the meeting;
   (c) Shareholders representing at least 40% of the mutual fund's subscribed shares are required to constitute a legal quorum for the second meeting.
   (d) If a legal quorum is not present then the meeting shall be cancelled.

d. Powers of the General Assembly in its Extraordinary Meetings

1. Issues. The General Assembly of the a mutual fund shall, at its extraordinary meeting, discuss, consider and take appropriate decisions regarding the following:

   (a) Amending the Mutual Fund's Article and Memorandum of Association;
   (b) Reorganization of the mutual fund;
   (c) Merger with another mutual fund;
   (d) Liquidation and dissolution of the Mutual Fund;
   (e) Repurchase of any shares of the Mutual Fund in accordance with Art. (14) of these Instructions.
   (f) Dismissal of the Board of Directors, its chairman or one of its members;
   (g) Any issues that fall within its powers at ordinary meetings.

2. Voting. All decisions at an extraordinary meeting of the General Assembly shall be approved by a majority of 75% of the total shares represented in the meeting.

e. General Rules for the Meeting of the General Assembly

The By-Laws of the mutual fund shall provide the rules for meetings of the General Assembly. They shall include, but not be limited to, the following:

1. *Role of the Chairman.* The Chairman of the Board of Directors, or in the event of the Chairman's absence, the Deputy Chairman, shall preside over the ordinary meeting of the General Assembly.

2. *Shareholder participation*. Every shareholder as of three days prior to the date set for any meeting of the General Assembly shall have the right to participate in discussing issues presented at the meeting, and to vote on the decisions adopted by the Assembly regarding these issues in accordance with the number of shares he represents.

3. *Participation by Regulators.* The Board of Directors shall invite the Commission, the Mutual Fund auditors to the meeting of the General Assembly at least fifteen days prior to the date set for the meeting's convention. The invitation shall include the agenda for the meeting and all data and enclosures as those sent to shareholders.

4. *Proxy voting.* A shareholder in a mutual fund shall have the right to give a proxy to another shareholder to attend any meeting of the mutual fund's General Assembly. Such proxy shall be considered the legal presence of the original shareholder at the meetings of the General Assembly, even if

	the appointed representative is not a shareholder in the Mutual Fund. Such proxy must comply with the following: (a) Be submitted in a form prepared by the Mutual Fund for such purpose with the approval of the Commission and is notarized by an authorized person or entity; (b) Deposited with the Mutual Fund at least three days before the date set for the meeting of the General Assembly; (c) Remain valid for the attendance of the representative of any other meeting to which the General Assembly is postponed; 5. *Supervision of voting.* The chairman shall appoint at least two supervisors to collect and sort the votes. 6. *Minutes of the Meetings of the General Assembly*. The chairman of the meeting shall appoint a clerk to record the minutes of the meetings of the General Assembly, and the decision taken therein. (a) The minutes for the meeting shall include the meeting's legal quorum; the issues presented at the meeting; the decisions adopted regarding these issues; the number of votes supporting and opposing each decision(s) and any other votes requested by shareholders to be recorded in the minutes; (b) The minutes of the meeting shall be signed by the chairman of the meeting, the representative of the Commission, and the Secretary and shall be documented in a special register prepared by the Mutual Fund for this purpose; (c) The Board of Directors shall send a signed copy of the minutes to the Commission within ten days from the date of holding the meeting of the General Assembly. (d) The Commission may give certified copies of the minutes of the meeting of the General Assembly to any shareholder against the required fees set in accordance with the provisions of the Law. **7.** *General Assembly Decisions.* All decisions issued by the General Assembly at any of its meeting convened with a legal quorum shall be binding upon the Board of Directors, and all shareholders, regardless of whether they attended said meeting or not, provided that these decisions have been adopted in accordance with the provisions of these Instructions, the provisions of the Law, and all relevant regulation in force. 8. *Right of Court.* The Court of First Instance in whose jurisdiction the

	headquarters of the Mutual Fund is domiciled shall have the jurisdiction to look into and settle any case that may be presented for the purpose of contesting the legality of any of the meetings of the General Assembly, or contesting the decisions issued at any one of these meetings. Such contestation shall not halt the implementation of any decision of the General Assembly unless the Court decides otherwise. Such a case shall not be entertained three months from the date of the meeting.
18	**5.0 Authority of Commission to Monitor and Supervise Mutual Funds** *Right to Monitor, Supervise, and Inspect.* In accordance with provisions of Article (15) and (17) of the Securities Law every investment manager, investment trustee, and registered mutual fund shall be subject to monitoring and supervision by the Commission, which has full legal powers to inspect, investigate, and prosecute violations of the Securities Law and all relevant Instructions.
19	**6.0 Final Provisions** 1. *Compliance with these Instructions*. The Mutual Funds established pursuant to the provisions of the Mutual Funds Instructions No. 2 for the year 1999, must take necessary actions, as stipulated by the Commission, to conform to these Instructions, within the time period prescribed by the Commission. 2. *Cancellation of Previous Instructions.* The Mutual Fund Instruction No.2 for the year 1999 shall be cancelled. 3. *Publication.* These Instructions shall be published in the Official Gazette, and shall be announced in the media and shall be publicized to concerned parties.

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