

Syrian Arab Republic
Prime Ministry

**RESOLUTION NUMBER / 3946 /
PRIME MINISTER**

By virtue of the provisions of Law No. 22 of 2005,
Decree No. 47 of 2006,
And pursuant to the proposal of the Board of Commissioners in its session No. 23
held on 08/06/2006

Issues the following:
**THE EXECUTIVE REGULATIONS FOR THE LAW
OF THE SYRIAN COMMISSION ON FINANCIAL MARKETS AND
SECURITIES**

Part One: Definitions

Article 1

The following words and expressions shall have the meanings assigned hereunder, unless otherwise indicated by context.

- The Law** : The Law No. 22 of 2005 concerning the Syrian Commission on Financial Markets and Securities
- The Commission** : The Syrian Commission on Financial Markets and Securities
- The Board** : The Commission's Board of Commissioners
- The Chairman Of the Board** : The Chairman of the Commission's Board of Commissioners – the Chief Executive of the Commission
- Securities** : The shares of negotiable joint-stock companies;
Negotiable debt instruments issued by the Government or by Syrian joint-stock companies;
Any Syrian or non-Syrian securities found eligible to be included by the Commission;
Investment units issued by Syrian investment funds;
The shares of foreign joint-stock companies and debt instruments approved to be listed in the market by the Commission.

Financial Markets	: All markets organizing securities trading established in the Syrian Arab Republic according to the provisions of the Law
Financial Services and Intermediary Companies	: The Syrian legal entity that functions in one or more of the services of broker, dealer, investment trustee, issuing manager and/or any other investment or consultancy services defined by the Commission according to the Law, regulations and directives pursuant thereto
Financial Broker	: The legal entity that functions in securities purchasing and selling for the interest of others
Dealer	: The legal entity that functions in securities purchasing and selling for its own interest, directly through the market
Investment Trustee	: The legal entity that monitors and follows up investment management to ensure it is applied to the basic objectives agreed on by the dealer and investment manager
Investment Manager	: The legal entity that manages and administers portfolios for the interest of others, including investment funds
Financial Consultant	: The legal entity that provides advice and consultation to others in investing securities
Trustee	: The legal entity that preserves and guards securities
Agent	: The natural person working for the broker, approved administratively and technically by the Commission to carry out the licensed tasks of the broker
Disclosure	: The act of disclosing and exposing information that benefits investors, including financial statements and auditors' reports, which affect securities prices; disclosure should be all-inclusive addressing not only shareholders and investors, but also the public through newspapers on a regular basis associated with the fiscal year of the related entity and/or immediately in the event of new information necessary for investors
The Center	: The Securities Clearing Center and Central Depository
Issuing	: The issuing process of securities in order to float in the market and be offered to the public for subscription

Issuer	:	The legal entity that lawfully issues or declares its intention to issue securities
Listing	:	The process of inviting the public to subscribe in securities approved to be issued
Issuing Manager	:	The legal entity that administers securities issuing and marketing on behalf of the issuer
Contract	:	The contract by which securities purchasing and selling are executed
Dealing	:	The process of issuing securities, subscription, publicizing, marketing, preserving, depositing, exchanging, purchasing from the source, borrowing, lending, pledging, or any other procedure defined by the Board
Clearing	:	The process by which the net rights and obligations arising from any trading contract are calculated in order to hand over the purchased securities to the buyer and pay the seller on the defined for settlement
Settlement	:	The process of concluding any securities transaction contract from the seller to the purchaser and charging completely and unconditionally for their prices
Delivery Versus Payment	:	A way of settlement in which securities are delivered in exchange of their prices
Essential Information	:	Any incident or piece of information that affects a person's decision to purchase a security, to keep it, to sell it, or to deal with it
Forbidden Actions:	:	Any act, practice, scheme, method or means forbidden by the Law, regulations, directives, decisions or legislations pursuant thereto
Mis-information	:	Any incorrect statement concerning essential information or the hiding of important information
Deceit	:	Any act, practice, scheme, method or means used to deceive others
Control	:	The direct or indirect ability to effectively influence another

person's work or decisions

Inside Information : The undisclosed information, which is related to one or more sources or to one or more securities, and which may affect the price of any security when disclosed

Insider : The person that is acquainted with internal information due to his position or job

Part two: the Objectives of the Syrian Commission on Financial Markets and Securities

Article 2

The Syrian Commission on Financial Markets and Securities is an organizational legal entity related to the Prime Minister enjoying financial and administrative independence and has all powers necessary to carry out tasks and functions to achieve the following:

- 1) Organizing and developing financial markets, and related activities and events in order to guarantee justice, competence and transparency and to limit the risks arising from securities trading
- 2) Protecting the public and investors in securities from unfair or incorrect practices, or from deceit or misinformation
- 3) Encouraging reserve and investment activities which serve the sake of national economy

Article 3

The Commission is responsible to issue orders and carry out all tasks necessary to achieve its goals; it shall then:

- 1) organize and monitor the full disclosure of information related to securities;
- 2) organize and monitor securities issuing and trading;
- 3) organize and monitor actions and activities of bodies and entities controlled and supervised by the commission;
- 4) monitor the financial markets.

Article 4

The following entities shall be controlled and supervised by the Commission:

- 1) Security-issuing companies
- 2) Licensed financial services and intermediary companies
- 3) Investment companies and banks, and licensed investment funds
- 4) Financial markets
- 5) Authorized auditing and accounting bureaus and companies

Part three: the Board of Commissioners

Article 5

(a) The Commission shall have a board called the Board of Commissioners which contains seven expert members, four of which are full-timers including the Board Chairman and his deputy; the Board shall include:

- The Chairman of the Commission's Board of Commissioners/ the Chief Executive/ the President
- Three commissioners – one of which is the Deputy Chairman
- Deputy Minister of Finance – member
- Deputy Minister of Economy and Trade – member
- Deputy Governor of the Central Bank of Syria – member

(b) The Board shall appoint a secretary in the position of a consultant.

(c) Membership in the Board has a renewable four-year term. The term of the Chairman and his deputy can only be renewed once. The Board member retains his post after its expiry until a successor is appointed.

Article 6

The Commission's full-time board members, staff and employees are forbidden to pursue any other job or career or to have any other position or profession in a governmental body or any public or private institution. The Commission's full-time board members are also banned from providing consultations to private companies and institutions.

Article 7

The Chairman of the Board shall have all the features and immunities specified by the Law and regulations in effect. He shall be the Commission's chief executive, and be responsible for its administration and finance, and for this he shall:

- 1) implement the decisions of the Board;
- 2) exclusively or jointly sign accounting statements and reports, financial statements, documents and correspondence related to the Commission according to regulations;
- 3) represent the Commission before the court and/or others;
- 4) authorize security-issuing brochures;
- 5) represent the Commission in meetings of federations and/or organizations relevant to the Commission's field of work;
- 6) approve the publication of statements and declarations in local and/or foreign media.

Article 8

- (a) The Board's Deputy Chairman shall undertake the Chairman's tasks in his lawful absence or in the event of the vacancy of his post.
- (b) The Chairman is entitled to authorize some of his powers to another Board member or to any employee in the Commission provided that the authorization is specific and written.

Article 9

- (a) The Board shall be called to meeting by the Chairman or upon the recommendation of the majority of members at least once per month. To be considered legal, the meeting should constitute a quorum of at least five members including the Chairman of the Board and his deputy.
- (b) The Board's decisions are made by the majority of votes. The chairman shall have a casting vote in case of a tie.
- (c) The Board has the right to hire experts and consultants, and define their wages, for the sake of providing expertise and help regarding the work of the Board and/or the Commission.
- (d) The Board has the right to invite any expert or manager to attend meetings in order to consider his opinion in issues discussed.
- (e) The Chairman and members of the Board shall be absolved of their financial responsibility after the approval of the results of the budget and the final accounts by the Financial Control Central Agency within a period not exceeding two years from the date of their membership expiry.
- (f) The Chairman of the Board shall submit an annual report to the Prime Minister concerning the Commission's function and its financial status in the previous fiscal year within a period of three months from end of the fiscal.

Article 10

The Board undertakes to implement the Commission's tasks stipulated in the Law, statutes, rules and regulations issued thereto, including:

- 1) to produce executive regulations and decisions necessary to implement provisions of the Law;
- 2) to propose the Commission's internal by-laws and other regulations;
- 3) to make regulations and instructions relating to securities;
- 4) to set policies that serve to accomplish the Commission's tasks and goals;
- 5) to set terms and criteria for issuing securities;
- 6) to approve on the floatation of securities and to authorize the issuing prospectus of these securities;
- 7) to provide suggestions to governmental bodies involved in developing and reinforcing the financial sector and ensuring protection for investors and security-dealers;
- 8) to authorize or grant according to the law practice licenses to financial institutions operating in the markets; and to restrain, suspend, call off, or cancel such licenses for any person or entity under the Commission's control and supervision when such processes are found appropriate by the Board;

- 9) to suspend financial markets business for a period not exceeding one day and to suspend it for more than one day when necessary and upon a decision from the Prime Minister based on a proposal made by the Commission's Board of Commissioners;
- 10) to approve the listing, canceling, or suspension of any security owned by a Syrian corporation or body and negotiable in any financial market outside the Syrian Arab Republic, after the approval of the Central Bank of Syria in the light of the valid rules of foreign currency;
- 11) to prevent listing any security in Syrian financial markets, or to suspend a security listing or trading when the Commission finds this necessary;
- 12) to define license producing fees for all entities under the Commission's control and supervision and to renew these fees; also, to define fees for a security-issuing prospectus;
- 13) to propose fines on contraveners according to the provisions of the Law – these fines will be issued in a decree;
- 14) to fix minimum and maximum commissions to be charged by financial services and intermediary companies from clients, and to approve the financial charges and other commissions charged by financial markets.

Article 11

The Commissioners Board is entitled to assign experts to make research or draft laws and regulations related to the Commission for definite compensations; the Board is entitled to use committees and work-teams when necessary for a definite duration relevant to the tasks assigned.

Part four: the Commission's Administrative Structure

Article 12

The Commission's administrative structure is built on a number of offices and departments connected to the Chairman; they are:

- 1) The Secretariat
- 2) The Office of the Chairman of the Board
- 3) The Internal Auditing Office
- 4) The Education, Research and Studies Directorate
- 5) The Inspection and Control Directorate
- 6) The Disclosure, Licensing and Issuing Directorate
- 7) The Financial and Administrative Affairs Directorate
- 8) The Legal Affairs and Follow-up Directorate
- 9) The Directorate of Information Systems

1- The Board's Secretariat:

The Board's secretary undertakes to:

- organize and coordinate the Board of Commissioners' functions and meetings, take minutes of the meetings, prepare its draft decisions and follow up their implementation.
- carry out any task or operation assigned to him by the Chairman or the Commissioners Board.

2- The Office of the Chairman of the Board:

The Office of the Chairman of the Board shall have an experienced administrative employee working on the following:

- Receiving the incoming letters and the transactions for the Chairman of the Board.
- Organizing the Chairman's interviews and preparing the minutes of the meetings except those related to the Board of Commissioners.
- Coordinating the Chairman's meetings and agenda.
- Carrying out any other work he will asked to do by the Chairman.

3- Internal Auditing Office:

A director will conduct this office and implement the following tasks and duties:

- Set up the annual auditing program to evaluate the adequacy of the Commission's regulations that governs all its directorates and divisions after these programs are accredited by the Board of Commissioners.
- Ensure that the Commission's staff is implementing all the laws, regulations, directives, and decisions, and that the administrative work and financial operations are in accordance with the laws and regulations in force.
- Facilitate the external auditors' tasks and answer all their inquiries and remarks in cooperation with the Commission's units, divisions, and directorates.
- Notify the Commission's Board immediately of any breach discovered while auditing that is necessary to be informed of.
- Examine and audit the Commissions' expenditures before payment.
- Implement any other tasks entrusted to it by the Chairman of the Board.

4- Education , Research and Studies Directorate:

This Directorate compromises of two divisions: the Research and Study Division, and the Education and Foreign Affairs Division. The Commission's library shall be affiliated to this Directorate. The Directorate shall perform the following:

- Supervise and follow up the work of the directorates' divisions and sections;
- Adopt the department's divisions and sections' planning work;

- Discuss the subjects raised by the departments' divisions and suggest solutions, and adopt them before submitting them to the Chairman;
- Set up the reports, research and studies about the commission's work, national economy, regulation, and laws affiliated to the commission's work in cooperation with the other departments;
- Give opinion on issues referred to it for study from the commission's other entities;
- Set up the annual reports which must be submitted to the Prime Minister about the commission's work in cooperation with other departments;
- Constantly and directly coordinate with other departments in preparing studies that help them in the performance of their tasks.

A. Research and Studies Divisions' tasks:

- To study all governmental laws, plans, programs, and policies, as well as their expected effect on the Stock Exchange ;
- To prepare proposals for developing the laws and regulations in force in the Commission and the Stock Exchange;
- To set up studies about ways of developing the financial sector and Stock Exchange in Syria;
- To set up plans and programs to implement the future development proposal of the Commission's work.

B. Education and Foreign Affair divisions' tasks: this division composes of two sections: Education and Translation Section, and Foreign Affairs Section.

1. Translation and Educational section: this section is in charge of the following:

- To set up and implement the educational program included in the Commission's plan;
- To issue the Commission's brochures and periodicals;
- To help the Commission's different divisions in obtaining the necessary data and information in accomplishing their tasks;
- To translate circulars, periodicals, and the Commission's issuance prospectus in cooperation with the intended departments;
- To set up the information programs that reflect the Commission's activities and ensure the publication thereof in various media tools;
- To organize press interviews and set up the rules concerning the publications , statements, and the interviews in foreign and local media to ensure achieving the Commission's objectives and presenting its various activities;
- To set up, arrange and prepare for holding conferences and symposiums;
- To enrich and develop the general commission financial markets' website on the international information net in cooperation with the concerned department

2. Foreign Affairs Section: this section is in charge of the following:

- To study, evaluate and follow up the incoming topics from organizations and various international and Arabic commissions which relate to developing the financial market laws and regulations in coordination with the specified entities in and outside the Commission;
- To set up the reports concerning the international Arabic and regional commissions and organization that the Syrian commission is participating in.
- To evaluate the Commission's membership in the international and regional commissions and organizations, and propose the ideal methods to achieve the highest benefit from these commissions and organizations.
- To propose all possible ways to benefit from the programs and activities that the international, Arabic, and regional organizations hold in arrangement with the various entities that have relation with the Commission's work.
- To activate and develop agreements and memorandums of understanding signed with outside and inside entities, and work to regulate the ways of benefiting from them in different fields. Also, beside proposing to sign new agreements and minutes of understanding according to need.
- To organize official visits of delegations from and to the Commission to exchange experience and information with the foreign financial market.
- To follow up the latest development in the international arena concerning control and supervision of the financial market and security sector.
- To establish communication channels with the entities and the organizations mentioned above.

C. The Commission's library: The responsibilities and tasks of the librarian is as follows:

- To set up and organize specific technical archives for the Commission's library, and ensure that the library will obtain the necessary resources for the work of the Commission
- To propose subscriptions to the international, regional, and local specialized periodicals and newspapers and study the various Commission's directorate subscription proposals.
- To provide newspaper information services and publication lending.
- To identify the important newspaper articles daily and photocopy them, and distribute them to the people concerned.

5- Inspection and Control Directorate:

This Directorate consists of three divisions: the Damascus Stock Exchange Control Division, the Damascus Stock Exchange Financial services and intermediary companies Control Division, and The Control Division for the joint-stock companies.

This directorate is in charge of the following:

- Supervising the entities controlled by the Commission, as well as reviewing their books and records, getting copies thereof in order to ensure their abidance by the laws, regulations and directives in force.

- Carrying out any investigation or inspection with or without prior notice to determine whether any of the entities mentioned above has committed a breach or taken preparatory procedures for a breach, and then referring such investigations to the Legal Affairs and Follow-up Directorate;
- Proposing all procedures appropriate to tackle difficulties and obstacles that the Damascus Stock Exchange may face.
- Submitting all investigation reports to the Chairman.

A. The Task of the Damascus Stock Exchange Control Division is to:

- Ensure that the market's decisions, policies, and procedures are in accordance with the laws and executive regulations.
- Set up a control program that rules the auditing operations of the market.
- Study the policies programs and draft statues submitted by the market.
- Ensure that the adopted procedures, policies, and decisions of The Securities Clearing Center and Central Depository are in accordance with the executive regulations and laws.
- Set up the supervision programs to regulate the auditing operations of The Securities Clearing Center and Central Depository in accordance with the laws, regulations and directives that govern the work of this Center.
- Study the draft of policies, programs, and regulations proposed by the above mentioned Center.
- Observe Damascus Stock Market transactions, and set up periodic and non-periodic reports for this concern.
- Study and analyze any unusual rise in the demand to buy or sell a certain security or any unusual diversion in its price in corporation with the Damascus Stock Exchange in order to address the entity issuing this security or the intermediary company as to the cause.
- Study the dealers' complaints that affect the stock price, company performance, or the market in general.
- Follow up and investigate information, news, and rumors that may be exploited by certain people that aim at or have the effect of raising or dropping the security's price and take the appropriate measures.
- Submit reports to the board in case of any breach or suspect operations.
- Study the company's ownership percentage to ensure its compliance with the Commission in laws and regulations in force, and study the demand for increasing the ownership percentage specified by law and submit recommendation concerning these demands.

B. The tasks of the Control Division of the Financial Services and Intermediary Companies are to:

- Ensure that the financial services and intermediary companies are dealing fairly and honestly with their clients according to the laws and regulations;

- Conduct inspection visits to all financial service and intermediary companies and their branches and agents to make sure of the compliance thereof with the laws and rules, and submit reports with appropriate recommendations on these inspections;
- Follow up, with the financial services and intermediary companies, on their implementation of the recommendations suggested by the inspection reports and the appropriate punitive and legal measures against non-compliant companies;
- Form an electronic data base for all financial services and intermediary companies;
- Negotiate with other governmental supervision entities about ways of possible cooperation between them and the Commission for the aim of raising the supervision and control level and limiting the over-lap of responsibilities and work;
- Review the laws, directives and regulations of the Commission concerning the financial service and intermediary companies to ensure their adequacy for the actual work and submit the appropriate recommendations for this concern;
- Ensure that the financial service and intermediary companies are dealing fairly and honestly with their clients according to the regulations;
- Ensure that the financial services and intermediary companies are dealing fairly and honestly with their clients according to the regulations;
- Ensure that the financial services and intermediary companies are abiding by the Disclosure Instructions Act, and are supplying the Commission with their financial data at the specified time. Then the data should be analyzed and a report of its contents should be submitted to the Board;
- Confirm that the association of financial service and intermediary companies, the Investors' Protection Fund and the Settlement Guarantee Fund are abiding by the laws, directives and regulations;
- Submit recommendations to the concerned authorities concerning the training courses that the employees of the financial services and intermediary companies have to take and pass;
- Study the complaints of dealers concerning specific matters that fall within the jurisdiction of this division;
- Carry out any other tasks assigned by the Chairman of the Board.

C. The tasks of the Joint-Stock Companies Supervisory Division are to:

- Ensure that the investment fund and joint-stock companies are implementing all the directives, regulations and laws through the office work of the Commission or through announced or unannounced inspection visits, with emphasis on the following:
 - ensuring that both the already established and newly established joint-stock companies are achieving their objectives as stated in their basic contracts and prospectus;
 - confirming that the deals and contracts concluded by the joint-stock companies are in compliance with the laws and regulations;
 - Ensuring that the joint-stock companies are implementing the Sound Management Practice Code;

- Ensuring that financial auditors of companies under the control of the Commission are following the auditing code issued by the Commission.
- Set up the necessary auditing and inspection programs of the joint-stock companies and work on modernizing these programs to be in line with the newest ideas in the field and setting the plan and the timing of their implementation;
- Propose procedures that strengthen people's trust and confidence in the performance of joint-stock companies;
- Create an electronic data base in cooperation with the concerned divisions for the joint-stock companies;
- Maintain constant follow-up of the performance of the joint-stock companies;
- Deal with complaints related to the work of the division;
- Prepare studies and submit recommendation to develop the work of the division.

6- Disclosure, Licensing and Issuing Directorate:

This directorate has two divisions: The Disclosure, Issuing and Offering Division and the Division of Disclosure and Licensing of Financial Services and Intermediary Companies.

The tasks of this directorate are as follows:

- To receive the applications for issuing stocks and other securities, study such applications, make sure of the adherence thereof to the regulations, and submit recommendations concerning these applications;
- To study the securities issuance prospectus and submit recommendations concerning their accreditation;
- To receive the applications concerning the establishment and the licensing of financial service and intermediary companies and study them and make sure that they meet all the regulation requirements and that all the documentation required by the Commission is complete;
- To receive the applications concerning the establishment and the licensing of financial service and intermediary companies, study such applications, make sure that the applicants meet all the requirements required by the Commission and that all the documentation is complete, and submit recommendations thereof;
- To ascertain that the financial services and intermediary companies have honest and competent employees as is provided for in the rules and regulations;
- To propose appropriate ways to solve the difficulties and the problems facing the joint-stock companies.

A. The tasks of the Disclosure, Issuing and Offering Division are as follows:

- To ensure that the securities issuance fulfill the requirements provided for in the regulations and laws of the code of issuance prospectus accredited by the Board;
- To follow the instant and periodic disclosure of the securities issuing entities in accordance with the Disclosure Instructions Act issued by the Board;

- To follow the procedures relating to the meetings of joint-stock companies general assembly and confirm their correctness;
- To study and follow up situations that create abrupt, fundamental or structural changes in the joint-stock companies that affect their activities or financial status, such as capital restructuring, merger and liquidation, and give appropriate recommendations for such situations;
- To grant accreditation to the auditors of companies under the control of the Commission according to the rules and regulations;
- To study complaints concerning matters relating to the directorate's jurisdiction.

B. The tasks of the Division of Disclosure and Licensing of Financial Services and Intermediary Companies are to:

- Propose the standards and terms for granting licenses for investment funds, financial services and intermediary companies;
- Study the applications for licenses submitted by the investment funds and financial services and intermediary companies;
- Follow up the disclosures of investment funds and financial services and intermediary companies to ensure they are in accordance with the Disclosure Instructions Act issued by the Commission;
- Study and follow up the activity of the investment funds and financial services and intermediary companies, and submit recommendations and proposals to develop their activity.

7- The Financial and Administrative Directorate:

A director who is directly responsible to the Board of Commissioners will head this directorate. It shall consist of two divisions: the Financial Affairs Division and the Division of the Administrative Affairs. This directorate will also have an office for security guards. The director is responsible for the following:

- Follow up and supervise the working procedures and daily administrative affairs of the directorates and divisions of the Commission;
- Be informed of all the external and internal correspondence, memorandums, circulars and decisions, and to inquire about any ambiguity or confusion therein in order to perform all the necessary corrections, in coordination with the related departments;
- Refer all incoming letters of the companies, which deal with urgent disclosure to the concerned directorates, and send a copy of thereof to the Chairman of the Board of Commissioners;
- Take the necessary steps to verify that the instructions of the Commission concerning financial issues are applied and the financial regulations and accounting systems are implemented;
- Sign the checks and other financial papers to verify their correctness within the established terms of reference;

- Follow the proper procedures to protect the Commission's finances;
- Submit periodic financial reports to the Commission and when necessary;
- Submit the annual draft budget to the Board after ensuring that it was prepared according to the rules and regulations and in the light of the financial policies of the Commission;
- Study and submit appropriate the proposals appropriate to best invest the surplus money of the Commission and develop its revenues;
- Set up the appropriate aims and plans to develop the work of the directorates and submit periodic and non-periodic reports to the Board about the adequacy of their work;
- Provide the necessary services to the staff of the Commission to ensure the smooth operation of the work;
- Ascertain that the Commission has sufficient number of employees, and follow up the hiring procedures according to the rules and regulations.

A. The tasks of the Financial Affairs Division:

- Comply with the financial regulations of the Commission;
- Organize and keep the accounting books according to the Accounting Standards;
- Calculate and collect the revenues of the Commission as well as disburse the capital and current expenditures of the Commission according to its financial regulations;
- Set up and prepare the statement of account, accounting statement, and financial statistics that show the commission financial position and submit the proposals and studies for developing them.
- Review all the contracts that include a financial commitment and the commission is part of.
- Set up the commission estimated annual budget project in accordance with the specified departments to identify their various need.
- Set up and prepare the accounting statement and the financial statistics that show the financial status of the Commission and submit proposals and studies for developing it;
- Review all contracts that include financial commitments of the Commission;
- Prepare the annual proposed budget of the Commission in cooperation with other divisions in order to include their needs;
- Prepare the final accounts of the annual budget of the Commission and facilitate the mission of the internal auditors and the external financial accounts;
- Pay the employees their monthly salaries and keep the required records of these disbursements as is stated in the employees' regulations;
- Purchase all the requirements of the Commission at appropriate prices and in accordance with the Commission's purchasing rules.

B. The tasks of the Administrative Affairs Division:

- Supply the Commission with the required numbers of employees and follow up all the matters relating to their employment such as keeping records of vacations, promotions, transportation, etc. in add keeping individual records for each employee;
- Set up plans and training programs for the Commission and follow up their execution and submit a report for this concern;
- Sending, receiving, distributing and archiving the external and internal correspondence of the Commission;
- Administer and keep the records for the storeroom for the stationary, equipment and other requirements and supervise the cleaning and the maintenance of the premises of the Commission and any other work necessary to preserve the property of the Commission;
- Regulate the movement of the vehicles of the Commission and follow up their repair and maintenance;
- Supervise the preparation of the performance reports of the staff and develop and promote the performance of the employees;
- Ensure that the employees abide by the directives and regulations and in the case of a breach of the rules, this should be reported to the committee for employee affairs;
- Submit proposals for developing the employees' performance, improving the working environment and the productivity of the employees;
- Prepare draft texts of decisions and circulars according to the instructions of the Chairman of the Board;
- Take the necessary procedures to facilitate the mission of the employees who are sent abroad as delegates or on training programs and carry on the work of the Commission with other governmental entities;
- Participate in receiving and seeing off the official delegates and visitors in addition to implementing their residence procedures and touring programs in Syria;
- Obtain and cancel entrance visas and residency permits of non-Syrian employees of the Commission and their family members.

C. The tasks of the Security Guards Desk:

An employee will conduct the office work, he will be in charge of the following:

- Ensure continuous guarding of the building, its contents and the safety of its employees;
- Take the necessary procedures to preserve the Commission's documents and confidential matters;
- Establish a system for controlling and regulating the reception of visitors, for supervising the entry and departure from the building and keep records of those entering and departing. Also, issue entry permits for those working overtime as well as for the technical and cleaning workers;
- Be sure of the readiness of the security and safety equipment existing in the building and testing and maintaining its validity;
- Submit a daily report of all events occurring that concern the state of the safety of the building to the administrative affairs directorate;

8- The Legal Affairs and Follow-Up Directorate;

This directorate consists of two divisions: the Legal Affairs Division and the Division of Execution and Follow-up. The tasks of this directorate are as follows:

- Propose all appropriate ways for solving the legal difficulties and disputes;
- Submit files of breaches to the Board with all recommendations attached;
- Choose one of the directorate's employees to represent it and follow up on all the matters relating to the Commission with the concerned entities;
- Submit proposals and studies concerning the development of the directorate to the Chairman of the Board;
- Perform any other tasks asked for by the Board.

A. The Task Of The Legal Affairs Division:

- Follow up the legal affairs concerning the Commission's work and submit proposals for this concern;
- Propose ways to develop and update the directives, regulations and laws organizing the work of the Commission and the Syrian stock exchanges.
- Prepare legal studies and research that the work of the Commission requires;
- Review all the circulars and decisions to be issued by the Commission before adopting them;
- Give legal opinions concerning all issues, matters, cases, contracts and transactions which are referred to this division;
- Review draft laws prepared by other directorates;
- Submit recommendations and legal opinions to guarantee the soundness of the implementation procedures, and to ensure that they are taken in accordance with the regulations and instructions which are in force in the Commission;
- Set up and prepare notes, statements, information, and documents related to legal cases submitted by the Commission or against it to presented to the specialized legal entities;
- Study requests for listing or offering foreign securities in Syria and ensure that the issuing companies are abiding by the rules and regulations in cooperation with the directorate of disclosure, licensing and issuing;
- Any other delegated tasks.

B. The Tasks of Execution and Follow-Up Division:

- Follow up the implementation of the legal rules and decisions issued for breaches;
- Organize investigations of the employees' breaches;
- Coordinate with the concerned entities the file of the breaches referred to it;
- Prepare detailed report with documentation to the Board on every breach;
- Any other delegated tasks.

9- Directorate of Information Systems:

This directorate administers the computer systems and data base at the Commission and works on updating them according to the technology and developments in the Commission's business. Besides, it shall provide instant support to all the Commission's directorates and divisions.

Part five: Offering and Issuance

Article 13

(a) Companies have to take the consent of the Board in these cases:

- Every newly established joint-stock company wishing to issue securities and offer them to the public for subscription;
- Every existing joint-stock company wishing to increase its capital by a public offering;
- Every joint-stock company wishing to increase its capital by including its reserves, profits, issuance allowance, and debt capitalization;
- Every company resulting from the transformation of its legal status to a joint-stock company for the accreditation of its securities;
- Every joint-stock company that wants to issue other kinds of securities.

(b) To get the approval mentioned in Paragraph (a) of Article 13 the company is obliged to attach its request with documents, statements, and information stipulated in the Security Issuing and Offering Act.

Part Six: Licensing Financial Services and Intermediary Companies

Article 14

(a) Any accredited person or company is prohibited from practicing one or more of the following activities, unless they obtain a license from the Board:

- Offer consultancy, give analysis, or publish information related to the securities;
- Act as an intermediary in securities;
- Act as an Issuing Manager;
- Act as an Investment Manager of securities and investment funds;
- Act as an Investment Trustee;
- Preserve and guard investment securities;
- Any other services or activities for which the Board requires a license.

(b) To take the license mentioned in paragraph (A) of Article 14, the concerned person has to attach his request with documents, statements, and information stipulated in The Financial Services and Intermediary Companies Licensing Act.

**Part Seven: The Disclosure Required for all Entities
Subject to the Supervision of the Commission**

Article 15

(a) Every security issuance company has to establish and keep a written policy of disclosure that includes the adoption of appropriate mechanism, instructions, and procedures to conform to the disclosure requirements provided for in the Disclosure Instructions Act for the entities subject to the supervision of the Commission.

(b) The Accounting Standards issued by the International Accounting Standards Council will be adopted so that all the entities under the supervision of the Commission will abide by these Standards in setting up their financial lists and statements.

Part Eight: Auditing Standards and Terms of Accrediting Auditors

Article 16

(a) The International Standards on Auditing (ISA) issued by the International Accounting Standards Board shall be adopted to audit the entities under the Commission's supervision.

(b) For the Commission to adopt auditors, it's prerequisite that they fulfill the terms provided in the "Regulations for Accrediting Auditors".

Part Nine: Penalties, Investigations and Inspections:

Article 17

A. The Board shall set up a three-member committee from the senior staff of the Commission in order to conduct the necessary investigations in the breaches of the provisions of the Law committed by any entity under the Commission's control and supervision and when such breaches are rendered to it.

B. The committee may summon any person for hearings of the attributed breach, and it may also ask for presenting books, documents, correspondence, notes, and other records that are considered necessary to be acknowledged. In case any person does not comply with the call notes directed to him, or abstain from submitting the needed documents to the committee, these procedures shall be implemented with the help of the specified entities.

Article 18

In case the breach is proved, the Board upon the proposal of the committee shall impose one of the following penalties:

1. Admonition
2. Warning

3. Appropriate financial fine
4. Restricting the activities of the company for a period not exceeding three months concerning the intermediary companies.
5. Suspending trading in the stocks of the breaching joint-stock companies for a period not exceeding three months.
6. Crossing out the name of the auditing and accounting office from the Commission's List of Accredited Auditors.

Article 19

The Board shall study the committee's rendered investigation file and issue the appropriate decision for this concern.

Article 20

In case the committee sees that the committed breach is stated in Article 18 of the Law (22), it shall submit the investigation file to the Board to render it to the specialized judiciary. Such breaches shall include the following:

1. Providing inaccurate or misleading information, data, documents or instruments to the Commission
2. Offering or selling the public securities based on inaccurate or misleading information on rights or privileges of securities, or on the nature of the issuing companies' activities or financial status.
3. Using one's post or access to inside or confidential information on securities to make material or moral gain, or disclose information to other than those concerned or the judiciary.
4. Transmitting and spreading rumors, passing on inaccurate and misleading information or data on securities with the aim of affecting their prices or the issuing company's name.
5. Approval by an auditor or accountant of inaccurate, misleading statements that contravene the approved Accounting Standards and International Standards on Auditing.
6. Selling or disposing of securities with out a written authorization from the owner or without an authorized agreement.
7. Selling securities without an issuance prospectus approved by the Commission.
8. Providing any financial investment or intermediary services related to the securities without obtaining a license or before accrediting it by the commission.
9. Any deception, fraud or manipulation relating to the issuance of, trading in or ownership transfer of securities or any banned practice or media misleading regarding any activities licensed by the Commission.

Article 21

The imposed fines on contraveners shall be defined according to the decree issued for this concern according to Article (7) provision of the Law (22).

Article 22

These regulations shall be published and notified to the concerned for implementation.

Damascus, on 28/08/2006

The Prime Minister
E. Mohammed Naji Otri