

Instructions No (12) had been amended for 2010

Instructions and procedures for the separation the accounts

At brokerage companies

1) The brokerage company must separate their accounts from the clients' accounts as follows :

a. Open a current account at the bank under the brokerage company's name, to deposit its money , income, and the money which arise from practicing the brokerage business and the drawing to cover its expenses and to distribute its profits, and other company's special accounts except the deposit accounts.

b. Open Another current account under the name\ clients' deposits and use it for their trading activities, for the following purposes:

- First: deposit the received amounts from the clients, to finance the buying processes of securities for their interest.

- Second: transfer the amounts of the earned commission's own which result from trading processes to the company's own account.

- Third: return the company clients' money resulting from selling the shares, or failing complement buying processes or the balance of their accounts after completion buying and selling processes.

c. The brokerage company must keep sub-accounts for each invest or to show the amount due to him and the movement on it. The total of the deposit accounts must equal the balance of the deposit account in the bank.

2) The brokerage company should be prohibited from the following:

a- Using of the deposit money in clients' accounts except for the purposes permissible in the agreement between the company and the clients.

b- Using the balances in these accounts as collateral to get the company financing facilities or banking loans.

c- Using the debit balances of some clients in order to clearing the credit balances for another client.

3) The brokerage firm must abide by the following :

a) Must separate between the company's account from the clients' accounts in their financial statements and notes to the accounts.

b) Providing the ISC with the particular statements related to all accounts that have been opened at the banks, as follows:

- First: number of the company's account, name of the bank and type of the account.

- Second: number of the company's account\ clients' deposits, name of the bank, type of the account.

- Third: names of the authorized persons by the company to open\ close the bank accounts.

- c) Calculate the commissions arising from the trading at every trading session, and transfer it to the company's account at the bank.
- d) Do not transfer any amount from the clients' deposits to the company's accounts except the fees which produced from the trading.
- e) Review the clients' deposits and affirming their balances, at the end of every business day.
- f) Reconcile, every day, the debit balances of the clients' accounts with the balances of the banks' accounts related to the clients' deposits.