

## **Online Trading**

Online Trading Service is a service provided by the brokerage firm to its customers, enabling them to trade in securities by entering buy and sell orders to the electronic trading system for themselves through the use of the Internet.

Therefore, the investor who wishes to trade securities through the Internet must realize that such mechanism is considerably and substantially different from the traditional method. The investor monitors the prices of securities in real time, in addition to other trading information and any information made available to him by the broker, so that he will then enter his own buy and sell orders without the need to contact the broker and authorize him to do so. Therefore, the investor should fully realize that he is the purchase or sale decision maker and he is responsible for the execution of such decision through entering the appropriate order into the electronic trading (or "e-trading") system through the program made available by the broker to his clients.

Before using the Internet trading service, the investor must be aware of some technical and organizational matters related to such service, in addition to realizing fully that the use of the Internet involves a number of risks which might cause him an undesirable loss. Such risks may be related to the Internet itself, or to the used program, or to the electronic trading system, in addition to the misuse of the service by the investor. Therefore, the investor must acknowledge that he realizes and accepts such risks which he might face during Internet trading, and that the broker will not be responsible for cases of failure or delay of connection when using the service, nor will he be responsible for the errors resulting in the balances of accounts as a result of such failure.

The brokerage firm offers Internet Trading service to their clients after obtaining the necessary approvals from the Amman Stock Exchange and the Jordan Securities Commission and yet meet all the requirements set forth in the Directives for Internet Trading and any other requirements determined by the Exchange and the Commission, the brokerage firm is also committed to sign an Internet Trading Agreement with customers wishing to use the service, which includes all the organizational aspects between the two parties, so the client becomes familiar with all the documents relating to the Service.

### **Advantages of Internet Trading:**

- Enables the investors to follow the course of trading in real time regardless of their geographical location.
- Enables the investors to enter buy and sell orders immediately in light of perceived investment opportunities.

- Enables the investors to follow-up and management their entered orders and investment portfolios in real time.
- Attracts attention of new investors whether locals or foreigners.
- Increases the base of securities dealers.
- Increases the depth and liquidity of the market and high trading volumes.

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## [Mechanism of Internet Trading](#)

- After the investor gets the access information to his internet trading account through his brokerage firm, he becomes able to follow the course of trading and enter buy and sell orders.
- The software provided by the brokerage firm for internet trading verifies the availability of sufficient balance of cash or securities in the investor's account before accepting the orders.
- When a buy order is entered, the cost of the securities to be bought, together with the value of trading commissions and due charges, shall be seized from the client's cash account available for trading. When a buy order is totally or partially executed, the cost of the bought securities, together with the value of trading commissions and due charges, shall be deducted out of the seized cash balance, and the client's securities account balance shall be increased by the quantity of bought securities.
- When a sell order is entered, the amount of securities to be sold shall be seized from the client's securities account available for trading. When a sell order is totally or partially executed, the quantity of sold securities shall be deducted out of the seized securities balance, and the client's cash account balance shall be increased by an amount equal to the selling amount, minus the value of trading commissions and due charges.
- In case an order is rejected by the trading system, or modified or canceled by the client, the client's cash and securities account balances shall be readjusted accordingly.

## [Major risks of the Internet Trading](#)

### **1. Loss of the password:**

The loss of the access information of the investor's account as the username and the password, or the investor's negligence represented in the failure to keep them or disclosure of them to a third party, might result in many risks which lie in that a third party will become able to access the investor's account and misuse such account.

### **2. Functionality of the Internet Trading program:**

The investor's failure to familiarize himself well with the functions of the Internet trading program before beginning to use it might lead to committing mistakes which might realize an undesirable loss. Therefore, the investor must familiarize himself well with the user manual of the program before using it in order to acquaint himself well with all its functions, and he must inquire from the broker about any

matters not clear to him through the user's manual.

### **3. Failures of the Internet:**

In view of the fact that the broker does not have any control over the Internet which is used to provide the trading service to the investors, the failures to which the Internet is exposed might lead to partial or full interruption of the service, and this means loss of connection with the orders entered into the electronic trading system. In such a case, the investor must immediately contact the broker and inform him of the problem he was exposed to so that the broker will in turn take control over the entered orders and return to the traditional method of trading pending return of the service, according to the client's orders.

### **4. Speed of connection with the Internet:**

Just as the broker has no control over the Internet, he has also no control over the speed of the investor's connection therewith. This might affect the efficiency of the receipt of the information or the driving of it through the Internet, and this might lead to a delay in the receipt of the trading information and the notification messages coming from the trading system regarding the entered orders. This might also cause a delay in sending buy and sell orders to the electronic trading system.

### **5. Sudden surge of trading activity:**

The sudden increase of trading activity or even the increased intensity of demand for the service provided by the broker to his clients might result in increased momentum of the information exchanged through the Internet, and this might lead to the potential delay of arrival of information or updating of prices of securities on the used program, in addition to the role it might play in the interruption or failure of connection with the service.

### **6. Failures of the computer system used by the investor:**

The failures to which the investor's computer system might be exposed might lead to minimizing the opportunity of completing the transactions or the inability to finally execute them, or the inability to access the Internet in order to get connected to the service, or even the failure to receive the notification messages incoming from the electronic trading system regarding the entered orders. Therefore, the investor must subject his computer system to the necessary periodical maintenance lest it will be exposed to sudden failures.

### **7. Errors in securities trading information and prices as transmitted through the Internet Trading program.**

The above-mentioned failures to which the used software, or systems and connection lines might be subjected might lead to the arrival of the information to the investor in a wrong form. Therefore, in case the investor notices any errors in the prices and the other trading information, he must immediately stop using the service and inform the broker thereof lest undesirable losses occur.

### **8. Interference from a third party.**

Among the risks to which the investor might also be exposed is the interference of a third party into the communication network including the interception of notification messages or the sending of it by swindlers and impersonators of the identities of others such as the persons who manage to observe

the Internet sites and access and tamper with them.

This kind of risks includes also the insertion by a third party of programs and systems into the investor's computer system, including viruses, intrusion, interruption, hacking and other programs that may overlap with or damage communications and cause damage to the used computer system.

Therefore, the investor must always use programs that conceal and protect his computer system from intruders and hackers (firewalls), and antivirus programs, and must update them periodically and according to the requirements of such programs. This will guarantee the limiting of the risks of interference from a third party into the investor's computer systems.

**9. The internal amendments to the investor's computer systems by his employees and servants (in case the investor is a legal person).**

**10. Negligence in dealing with the sensitive and confidential data by persons who use the investor's computer systems or the data stored therein.**

**11. Failure to provide the concealing and protecting programs (firewalls), passwords and other mechanisms of controlling access on the client's computer system, that help minimize the risks of using the Internet in communications and in the execution of the trading transactions.**

**12. Any other risks resulting from the use of the Internet.**

The client acknowledges also that he is aware that the techniques of security and protection, and the means used for purposes of breaking into, accessing and tampering with Internet sites and intercepting and interfering with Internet communications and any other risks resulting from the use of the Internet are continuously increasing with time, and that it is necessary to continuously update security and protection techniques and procedures, and to improve Internet communications and execution mechanisms of trading transactions performed through the Internet.

## [Recommendations to the investor interested in using the Internet Trading Service](#)

**1. The Internet Trading Service does not mean a direct connection with the Electronic Trading System at the ASE.**

Although the investor monitors the trading of securities in real time, besides entering by himself his own buy and sell orders without the need to contact the broker to authorize him to do so, nevertheless the investor must realize that his entered orders will be passed first to the broker's systems for the purpose of electronically ascertaining the sufficiency of the cash balance or the securities balance and any other conditions, and then they will be electronically directed to the electronic trading system at the stock exchange. Therefore, the investor must wait before judging the arrival of the order to the electronic trading system and not to try to enter the order again so that this will not lead to the double execution of purchase or sale orders which is undesirable, and the investor must realize and agree that he alone is the person responsible for any repetition of his orders as entered through the Internet.

**2. Familiarize yourself with the protection and confidentiality policy applicable by the brokerage firm.**

**3. Ask the brokerage firm how to contact the customer service directly in case you like to inquire about the service or in case you have problems that you want to inform the broker of, and about the work mechanism adopted by the company in emergency cases.**

**4. The entering of orders through the Internet does not mean they are promptly executed.**

The entering of a buy or sell order by the investor through the program does not mean that such order is promptly executed, as the arrival of the entered order to the trading system might be delayed for the many aforementioned reasons, as represented in the failure of the Internet or the systems and programs used, or the delay resulting from the mechanism of ascertaining the order in the broker's systems before it is passed to the electronic trading system, or also as a result of the intensive use of the services provided by the broker or the surge of trading activity at the exchange, or as a result of a change in supply and demand forces before arrival of the order at the electronic trading system, and consequently, the order will be recorded in the order book pending execution.

The investor must realize that what the broker offers is a service for entering buy and sell orders through the Internet only, and that he does not guarantee or execute such orders and he must monitor the status of the entered order of which he is informed and not to try to repeat entering the same order.

**5. The delayed updating of the investor account's balances when the order is executed.**

In some cases and despite execution of the entered order, the account's balances are not updated promptly and concurrently with the execution. This is ascribed to the potentiality of the late receipt of the notification message of the execution of the entered order as a result of the aforementioned reasons and failures. The failure to receive a confirmation message does not necessarily mean that the order is not executed. Therefore, the investor must be patient and must monitor the received messages and must not try to re-enter the orders. In case no message is received, he should better contact the broker to inquire about the condition of the entered order and inform him of the problem.

**6. The investor must comply with the minimum technical requirements specified by the broker which must exist in the connection line with the Internet, and in the computer systems used to operate the service.**

**7. In case the password is lost, the client shall act as follows: The client shall contact the broker on the hot line and ask him to change his password (which includes the suspension of the old password and the replacement of it with a new password) after the broker is assured of the identity of the contacting client.**

### **Brokerage Firms Providing Internet Trading:**

No.	Name	Telephone	Fax	Website
12	ABC Investments	5629300	5682941	<a href="http://www.abci.com.jo">www.abci.com.jo</a>
19	Arab Financial Investment	5002000	5692423	<a href="http://www.arabinvestco.com">www.arabinvestco.com</a>
23	Al-Watanieh for Financial Services Co	5503800	5503802	<a href="http://www.awraq.com">www.awraq.com</a>
38	Emerging Markets For Financial .Services & Investment Co	5674141	5651549	<a href="http://www.aswaqinvest.com">www.aswaqinvest.com</a>
43	Al-Aula Financial	5201450	5653564	<a href="http://www.first.com.jo">www.first.com.jo</a>

	Investments			
56	Ajiad for Securities	5622269	5622293	<a href="http://www.ajiadsecurities.com">www.ajiadsecurities.com</a>
75	Union Financial Brokerage	5604893	5606996	<a href="http://www.bankaletihad.com">www.bankaletihad.com</a>
81	Al-Bilad For Securities And Investment	5105900	5105700	<a href="http://www.biladcapital.com">www.biladcapital.com</a>
82	Excel For Financial Investment	5519309	5519567	<a href="http://www.excelinvest.jo">www.excelinvest.jo</a>
67	Capital Investments	5200330	5692872	<a href="http://www.capitalinv.com">www.capitalinv.com</a>
5	Sabaek For Financial Services	5563110	5540785	<a href="http://www.sabaekinvest.com">www.sabaekinvest.com</a>
85	Istithmar For Financial Services	5007000	5610555	<a href="http://www.istiithmar.jo">www.istiithmar.jo</a>
4	International Financial Center	5621786	5696720	<a href="http://www.ifc.com.jo">www.ifc.com.jo</a>

## [Internet Trading Activity](#)

Year	Trading Value (JD)	% of Total Trading Value
2010	5,673,824	0.24%
2011	8,698,125	0.32%
2012	3,608,314	0.19%
2013	10,583,251	0.34%
2014	11,406,223	0.53%
2015	20,089,908	0.83%
2016	9,665,771	0.54%
2017	7,946,048	0.50%
2018	4,496,428	0.42%

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