Corporate Governance in Jordan

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Chief Executive Officer
Amman Stock Exchange
Jordan Securities Commission

- Affiliated to the Prime Minister
- A full time “Board of Commissioners”
- Started its operations in September 1997
The JSC Main Objectives

- Protecting investors in securities.
- Regulating and developing the capital market to ensure fairness, efficiency and transparency.
- Regulating and developing Jordan capital market.
- Reducing risk.
The JSC Responsibilities

- Regulating the issuance of securities.
- Timely disclosure.
- Developing Financial Services sector.
- Regulating and monitoring the ASE & SDC.
- Regulating licensing and registration.
Amman Stock Exchange (ASE)

- Established in March 1999.
- Independent legal entity.
- Managed by private sector.
- Non-profit.
- Membership of brokers.
The Securities Depository Center (SDC)

- Deposit and transfer of ownership
- Settlement (DVP)
- Safe keeping of ownership
- Managed by private sector
- Non-profit
- Launched in 1999.
CG in JORDAN

- Civil Law Country.
- Obligations, responsibilities or rights should be supported by a legislation.
Legal and Regulatory Framework

- The Securities Law.
- The Companies Law.
- The rules and regulations of the capital market institutions.
- The Banks Law.
- Insurance Supervision Law.
- Privatization Law.
Codes of corporate governance

I. The principles of OECD cover five major areas:
II. The rights of shareholders
III. The equitable treatment of shareholders
IV. Disclosure and transparency
V. The role of stakeholders in corporate governance
VI. The responsibilities of the board
Disclosure and Transparency

- Disclosure standards (LO).
- Standards of Accounting and Audit (O).
- Independent audit oversight body (PO).
- Fair & timely dissemination (LO).
Disclosure and Transparency

1. listed companies must provide the JSC and the ASE with:

   1. Annual Report (3 months).
   2. Semi-annual report (30 days).
   3. Primary Results (45 days).
   4. Material Information (immediately).
Disclosure and transparency

- First market companies must provide the ASE with its quarter-annual report (30 days).
- Started from the third quarter of 2004.
- More than 90% of the listed companies abided by this obligation.
LISTING AGREEMENT

- Imposed by listing requirements.
- A perquisite to listing.
- clarify the issuer’s disclosure requirements.
- Obligates the issuer to coordinates with ASE through the issuer’s compliance officer.
- More than 85% of the listed companies abided by this obligation
Audit Committee

- Audit Committee is a perquisite to listing
- Consist of three non-executive board members.