

Corporate Governance in Jordan

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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 (30days).
 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 prerequisite to listing.
- clarify the issuer's disclosure requirements.
- Obligates the issuer to coordinate 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 prerequisite to listing
- Consist of three non-executive board members.