

TITLE: The 2021 Jordanian Stock & Commodity Market Investment Act

PROBLEM:

Both Jordanian and foreigners have trouble investing in Jordanian companies for a variety of reasons. This directly impacts (affects) corporate cash flow, business development and job creation. The reason for lack of investment varies, with the largest single concept being that The Jordanian Stock Market does not meet (or exceed) standards established by organizations like the United States Securities and Exchange Commission (SEC). As a result, major investors like Americans, Japanese and Arab Gulf States have difficulties finding out about Jordanian opportunities, and an even a harder time investing in those opportunities if they ever find them. Additionally, the Jordanian entity (the Jordan Securities Commission), is the one empowered to control and regulate the stock exchange, commodity markets and related securities. Nonetheless, this organization has drastically failed to create a secure and trust-worthy environment that fosters securities trading in and for Jordan. This makes it even more unlikely for serious investors to even consider investing in a business located in Jordan.

As a result, the following problems have been plaguing the Jordanian securities market and financial industries:

1-INSIDER TRADING:

"Insider trading" is rampant in Jordan, in three ways: The first is the trading of a corporation's stock or other security by corporate officers, key employees and directors who would actually 'stretch' the limits of their jobs and responsibilities to inflate stock prices.

The second common type of insider trading in Jordan is: the purchase or sale of a security based on non-public information. Government officials and senior corporate directors are usually involved in this kind of fraud.

The third way is this: When the King needs to raise capital for a project, he manipulates the market, either directly through the sale of shares and related taxes, or by threatening the board of directors of the company.

2-MICROCAP FRAUD:

In this kind of fraud, stocks of small companies (sometimes just start ups), are deceptively promoted, then sold to a naive public who would not realize the said companies are just a small office, run only a website, and a massive media campaign usually promoted by the Hashemite government itself.

3-ACCOUNTANT FRAUD:

Just like the United States, major accounting companies have been involved in falsifying financial reports. This action is heartedly promoted and tolerated by the Hashemite regime itself.

4-SHORT SELLING:

Short selling abuses are common in Jordan and this happens on a daily basis. The Jordanian Stock Exchange Commission has failed to stop this practice by bringing even one single abuser before a court. Such practices include, but are not limited to:

- Abusive **short selling**, including certain types of **naked short selling**, if they can drive down stock prices. In abusive naked fraudulently driving stock prices down purposely by market and stock manipulator, short selling stock; selling them without being borrowed and without any intent to borrow.
- Spreading false information about stocks, driving down their prices fraudulently.

Sadly, all of the above practices are common In Jordan and regularly overlooked by the Jordanian government and are often encouraged by the King himself.

5-PONZI SCHEMES:

Even though Ponzi Schemes are no longer common in Jordan (they stopped after a total meltdown of Ponzi schemes between 2008 and 2011), Billions of Dollars have been stolen from Jordanian by these bad actors including the regime itself. Sadly, none of the operators have faced jail time.

SOLUTION(s):

The solution to this problem is simple yet multi-level: invest in the market by doing the following:

- Bring the Jordanian Stock and Commodity markets in compliance with SEC standards;
- Enact a variety of concepts that:
 - o Protect consumer investments;
 - o Providing SEC like insurance for investments where eligible; this must modeled after the US federal government insuring deposits and customers money at certain financial organizations such as banks;
 - o Ensure honesty and transparency of business and securities companies; by upgrading auditing and accounting standards;
 - o Carrying out regular audits by the governments for all companies and securities listed in the stock market;
 - o Cooperating between the police and security agencies and the Jordanian Securities Commission, for the time being crimes committed with securities are considered mostly the jurisdiction of the Jordanian Securities Commission;
 - o Establishing a “Security Force” tasked with carrying out independent investigations, and bringing those who break the law to justice;
 - o Outlaw a variety of identified illegal practices and outlaw them;
 - o Creating harsher sentencing for offenders and extending the statute of limitations on financial crimes, and sending a clear ZERO TOLERANCE message for financial crimes;
 - o Implement market modernization concepts, including electronic/computer upgrades, training and reporting requirements as determined by the BRC;
 - o Establish unique marketing programs, investing incentives; including tax cuts, tax exemptions and a lower corporate tax with special taxation exemption for foreign companies and investors.
- Fund the improvements with grants, loans and general fund expenditures

BASIC OVERVIEW:

Program highlights include, but are not limited to:

- 1) Theme: What will best enhance and expand Jordan’s Stock and Commodity Markets?
- 2) Establish a Blue Ribbon Commission (BRC) to oversee the entire process;
- 3) Require the BRC to hold hearings and produce a report outlining the following:
 - a. SEC requirements;
 - b. What Jordan is lacking with respect to those standards;
 - c. How we get there;
 - d. Financial impact of not meeting those standards;
 - e. A budget on how much what is lacking will cost;
 - f. Require that the BRC report back to the Parliament within one calendar year of passage of this act;
 - g. Have the Parliament establish a program that promotes investing in Jordan Stocks and Commodities;

- 4) Time frame: This is a five year program from beginning to end;
- 5) Establish the above oversight committee to work with Markets to both establish and implement the agreed upon needs;
- 6) Providing suggestions on the creation of ways that will assist Jordanians, the West and international financial institutions with complete transparency;
- 7) Suggest ways to seek help from international governments, including but not limited to the United States, United Kingdom and Japan.
- 8) Provide suggestions on how to increase the financial, technical, and logistic support standards, including the training of executives, experts and staff in advisory positions.

SUPPORT:

- 1) Consumers (Investors)
- 2) Investment Community (creates international parity)
- 3) Regions receiving the money and help
- 4) International organizations like:
 - a. The World Bank (who has already issued reports questioning Jordan's handling of foreign aid);
 - b. The New York, London and Tokyo Stock Exchanges
 - c. The US Department of Treasury and the SEC.
- 5) Those concerned with how foreign aid is awarded and used.

OPPOSITION:

- 1) Major stock traders and executives of publicly held companies who have benefited from the current broken system.

ARGUMENTS IN SUPPORT: This legislation will

- 1) Help Jordan's economy grow;
- 2) Help Jordan professionalize it's financial and commodity markets;
- 3) Help professionalize those who work in those markets;
- 4) Allow entities to raise money that will help spark 'regional financial engines';
- 5) In the long run, help Jordan's businesses generate their own funds for investment, development and expansion;
- 6) In the long run, this will save Jordan money because it helps foster local business and economies;
- 7) Allow countries to spend money on attracting investments to the Jordanian market (through advertising and promotions);
- 8) Increase broker fees, commissions and profits;
- 9) Provide transparency on how money is spent in/on this project;
- 10) This will help stimulate the economy and create jobs.
- 11) This will help protect shareholders and investors from fraud and abuse by companies and those who run them;
- 12) Protects small traders by closing loopholes in the current system.

ARGUMENTS IN OPPOSITION:

- 1) Where will the money come from, especially as the world faces a variety of economic problems?
- 2) We are not sure that this will create a better business environment;
- 3) Can we ever meet SEC standards?
- 4) There is no way to 'oversee' this proposal's operations;
- 5) The Parliament has better things to do than gamble on this;

- 6) This is not enough money to help stoke Jordan's financial engines;
- 7) This program will raise enough money to run the oversight program and expand the reach of government in to areas where it should not be.

PUBLICITY:

- This measure will establish a benchmark for investing and attracting foreign capital, not just in Jordan, but in the Middle East and developing world. We expect stories (and suggestions) to appear throughout the region, with a focus on print, digital and televised media for the following reasons:
 - It can be used as an "example/model" that can (and will) be used by other nations;
 - It will help improve market quality, expand investor opportunities and bring much needed financial capital into the country;
 - This measure will help create both products and jobs;
 - This measure will help spur Tourism;
 - Theme: Helping markets professionalize, lifts the whole country.

HISTORY:

- This type of legislation has never been introduced before in Jordan;

FISCAL EFFECT (PROJECTED):

- 1) \$22 Million spread out over 5 years will create 50,000 jobs and generate \$750,000,000 million in enhanced Jordanian GDP;
- 2) Money will come from Grants and Loans, as well as General Fund expenditures;
- 3) Foreign investment will lead to enhanced tourism;
- 4) After 5 years, it is expected that this measure will become revenue neutral;
- 5) In the 6th year and on, this program will produce positive income flows;
- 6) This money will help Americans (and other westerners) earn profit off development in Uganda.

CODE SECTION AFFECTED:

- 1) As per Council or drafting authority

LANGUAGE ATTACHED: Yes - basic

LANGUAGE:

TITLE: The 2021 Jordanian Stock & Commodity Market Investment Act

INTENT: The intent of this act is to:

- Help increase the professionalization of the Jordanian Stock and Commodity markets in an effort to spur western consumer investment in the Jordanian Economy;
- Help Jordan based companies raise capital;
- Stimulate the economy by creating both products and jobs;
- Work with the Jordanian economic plan to achieve desired results.

APPROPRIATIONS: The Jordanian National Parliament appropriates funds as follows:

- 1) \$500,000 during year one – committee operations, report creation, identifications, bid requests;
- 2) Year 2: \$2,000,000 – spending on initial needs
- 3) Year 3: \$5,000,000 – spending on needs – as established by report

- 4) Year 4: \$6,000,000 – spending on needs – as established by report
- 5) Year 5: \$6,000,000 – spending on needs – as established by report
- 6) Year 6: \$100,000 - Final Report

OVERSIGHT: To oversee this project, the Jordanian National Parliament requires the following:

- a) The establishment of a Blue Ribbon Committee (BRC);
- b) That the BRC investigate:
 - How to bring the Jordanian Exchange up to international standards that will attract foreign investors;
 - What laws need to be changed;
 - What practices that should be legalized and outlawed;
- c) The BRC to provide quarterly reports;
- d) Money shall be awarded for recommended projects based on needs and grants;
- e) The Parliament shall appropriate funds based on achieving certain goals, including transparency, financing and legislative approval;
- f) Reports are due thirty days after the end of each quarterly period;
- g) Quarterly Periods are defined as:
 - Jan 1-March 31
 - April 1 – June 30
 - July 1 – September 30
 - October 1 – December 31
- h) A year-end report is due within sixty calendar days after the end of the calendar year;
- i) The first investment allocations shall be awarded in year two;
- j) Any remainder shall be returned to the general fund at the end of this program.