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CORPORATE GOVERNANCE AND ITS IMPACT ON TRANSPARENCY IN JORDAN

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ABSTRACT

It is well known that the development of the joint stock companies around the world, the opening up of international trade and the competition between them, and the dominance of globalization in trade, economy and international companies, resulted in a large capital gathering in the form of companies for investment in commercial and industrial projects, as well as participation in the shares of different companies. All these factors have helped to put in place a system that achieves effective control in order to avoid the expected risks, by following the disclosure, transparency and non-shadowing of investors and different stakeholders, as it is of great importance as a subject of the commitment to disclosure in accordance with the principle of corporate governance, to monitor their investments and protect them, and then to direct them to take appropriate investment decisions and sound that benefit the shares of the company and the investor, but this type of disclosure always requires the law in order to give him the mandatory force for Appliance, so as to prevent cases of financial and administrative corruption, and helps to make use of the proceeds from the sales in advancing economic and social development of society as a whole. As a result, disclosure and transparency strike a balance between the acceptable level of companies and the level desired by different parties in the company through an effective governance framework that improves the efficiency of companies and markets and achieves justice. The second part deals with the extent to which the laws of Jordanian and

comparative companies comply with the principle of disclosure and transparency as one of the pillars of the Organization for Economic Cooperation and Development (OECD). It has reached important results in this regard, in addition to developing proposals that are suitable for Jordanian companies.

Keywords: Corporate Governance, information, Transparency, Joint Stock Companies , Jordan laws. international law .

INTRODUCTION

It is known that transparency and disclosure are among the most important principles of corporate governance, especially after the financial and economic collapses of a large number of companies and international financial markets, in part because of the inefficiency of the boards of directors.

Corporate governance is defined as a set of relationships between the management of the company, the board of directors, the shareholders and other shareholders², as well as corporate governance, as the system by which companies are managed and controlled³.

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² OECD Principles and annotations corporate governance by organization for economic co-operation and development (OECD, 1999).

³ Jonathan Charkham (Guidance for the Directors of Bank, Focus 2), and Arabic edition, translated by the cipe in 2005, The international Ban for Reconstruction and Development, world Bank and

Corporate governance in general: is the laws, rules and standards that define the relationship between the management of a company on one hand and shareholders, stakeholders or parties associated with the company (bondholders, workers, suppliers, creditors, consumers).

The legal definition of corporate governance is: it is a set of interlocking contractual constraints on which corporate decisions are made to achieve profitability and equity for all partners⁴. In order to achieve the principle of disclosure and transparency according to the concept of governance, it is necessary to provide all the information about the economic establishment, especially with regard to the foundation and financial results of the institution, the objectives of the institution, the board members, the salaries of senior officials and the structure and policies of the previous governance in the institution. In accordance with internationally recognized accounting standards.

The corporate governance framework should achieve accurate and timely disclosure of all matters related to the company and its business, in terms of financial position, performance, ownership, and It is a voluntary commitment to corporate governance that provides a real insight into the financial position of the company⁵ to help them understand the profits and risks associated with their securities⁶ and to enable regulators to supervise them⁷.

Global corporate Governance forum, 2003, p. 7-9. available at

<http://www.ifc.org>.

Source: World Bank website.

⁴ Guide to Corporate Governance Standards and Standards in the Hashemite Kingdom of Jordan for 2002.

⁵ (Hussein), Ahmed Ali Mohamed, PhD in Corporate Governance in Egyptian Law, Faculty of Law, Ain Shams University, Cairo, Egypt, 2011, pp. 245 et seq.

⁶ Al-Ghoriani, Al-Mutasim Bellah, The Governance of Joint Stock Companies, New University House, Alexandria, Egypt, 2008, pp. 149 et seq.

⁷ Mubarak, Behind Mubarak, Commitment to Disclosure in Contracts, PhD Thesis, Ain Shams University, Egypt, 2010, p. 548.

RESEARCH QUESTIONS

This research attempts to answer the following questions:

- a) What are the problems faced by Jordanian companies in terms of disclosure and transparency as a principle of corporate governance?
- b) Do Jordanian companies apply the principles of international governance to companies operating in Jordan through the Jordanian laws and regulations in force?
- c) Are there provisions of laws in Jordanian legislation that are consistent with the principles of international corporate governance, or there is a lack of transparency in disclosure.
- d) Do Jordanian companies need the intervention of the Jordanian legislator in order to issue laws binding transparency in disclosure? Or do the laws in force in Jordan achieve disclosure and transparency in a manner consistent with the interests of owners, investors and stakeholders?

To answer these questions, this research will be divided into two sections. The first part deals with the limits of disclosure and transparency of information in accordance with the principles of corporate governance, and in the second part: the extent to which the laws of Jordanian companies comply with the principle of disclosure and transparency as one of the OECD principles.

The limits of disclosure and transparency of information in accordance with the principles of corporate governance. The limits of disclosure vary widely, where disclosure in terms of will is subject to compulsory disclosure and optional and non-mandatory disclosures⁸. It may sometimes be forced by

⁸ (Gregory A. Gehlman (The Limits of Corporate Disclosure) Arabic Edition, Center for International Private Enterprise (CIPE) 2003, pp. 2-3.

regulators to regulate the business of companies in general to maintain the integrity of markets related to companies listed on the market, offering their shares to provide a minimum level of information to investors⁹. Or as required by law, or the rules governing companies in the market. After the shares of the company, they are subject to periodic disclosure. This disclosure is a mandatory obligation imposed by law and rules.

The success of corporate governance in achieving its effective role in the continuity of the company depends on the Board of Directors' conviction that the company's success in achieving the company's interests and its shareholders, And the senior management of companies and shareholders in the feasibility of implementing those rules. Comparative legislation has issued several laws governing commercial activity in order to restrict its subjects to disclosure and transparency, such as the Trade and Companies Law, the Central Bank, the Consumer Protection Laws, the Central Depository and Depository and the Financial Markets Law. Most of these laws are binding on disclosure.

As for optional disclosure, there is a guide to rules and standards for corporate governance in comparative legislation¹⁰. It is emphasized in the wording of the introduction to these norms and standards, the guiding nature and the standards of corporate governance. However, these rules do not represent binding legal texts, but are guided by the provisions of corporate laws and are consistent with the objective. For example, the Jordan Securities Depository Center (JSC), known as the Jordanian Corporate Governance Code, has been working in accordance with international standards and best practices, in addition to the instructions of exporting companies, accounting standards and

⁹ Khadr, Ahmed Ali, Disclosure and Transparency as a Principle of Corporate Governance, 1, Dar Al-Fikr Al-Jami'i, Egypt 2012, p.36

¹⁰ See the Corporate Governance Standards and Standards in the Hashemite Kingdom of Jordan for the year 2002; See the Code of Corporate Governance Standards in the Arab Republic of Egypt for 2005.

auditing standards issued by the Securities Commission for the year 2002¹¹.

In terms of disclosure in terms of area, disclosure in terms of the information area disclosed in accordance with the principles of corporate governance is divided into financial disclosure and non-financial disclosure¹². Financial disclosure refers to the disclosure of financial information and data. This disclosure concerns the disclosure of the financial and operating results of the Company's stakeholders, shareholders and shareholders within the framework of recognized accounting principles and international accounting standards¹³. Management with respect to its responsibility for financial reporting, and financial and operating results that will lead to the assurance of those who are aware of the reports.

The Company shall also disclose all significant transactions with the parties belonging to the same group of companies, any material interests in transactions or other matters affecting the Company¹⁴, while non-financial disclosure shall be accompanied by performance, information and operations results The information that should be disclosed may be periodic information or emergency information. Periodic information is the responsibility of the annual or periodic financial statements, the distribution of profits and losses and decisions of the General Assembly. While the emergency information includes the fundamental change in the structure of the company, decisions to buy

¹¹ See Jordan Securities Commission, Instructions for Disclosure of Exporting Companies, Auditing Standards and Auditing Standards, Amman, Jordan, 2004, p. 23 ; See Jordan Securities Depository Center, Working according to Standards and Best Practices, Amman, Jordan, 2004, p. 4.

¹² Mustafa, Ahmed Barakat, Protection of Minority Shareholders in Joint Stock Companies, Comparative Study, Dar Al-Nahda Al-Arabiya, Cairo, 2008, p. 13

¹³ Mustafa, Ahmed Barakat, op. Cit., P. 34

¹⁴ See also the Corporate Governance Standards and Standards in the Hashemite Kingdom of Jordan, 2004, p.34

shares and acquisitions, mergers, transactions with the parties related to the institution and their relatives, the entry of a strategic investor, and the establishment of important judicial proceedings and others.

A good example should be to disclose in the companies the following topics:

(a) In the scope of disclosure of financial statements, the following disclosures are disclosed:

- Companies should disclose their financial and operating results.
- Disclose the responsibilities of the board of directors, especially financial reporting.
- The Company shall disclose fully its significant transactions with the parties belonging to the same group in the Companies.

b) In the scope of disclosure of non-financial data, the following shall be disclosed:

- The objectives of the company.
- Ownership rights and shareholders' rights.
- Changes in control structure, and transactions involving significant assets.
- Management structures and policies.
- Board members, senior executives, disclosure of duties and qualifications, salaries and bonuses of managers, related material issues and stakeholders, the mechanism of evaluation and conflict of interest.
- Predictable physical risk factors.
- Independence of external auditors (commissioners).
- Internal audit function.

c) General meetings.

d) Timing and Means of Detection.

Good practices in disclosure and compliance¹⁵.

Intangible events arising in accordance with US accounting standards are meant to be an occurrence or a group of probable events relating to the Company's future profits or

¹⁵ Guidance Good practices in corporate governance disclosure (2006).

losses that will be realized or not in the future. By acquiring an asset or liability, a contingent liability is realized, or the existence of a contingent liability obligation¹⁶.

An emergency obligation is defined, in accordance with international accounting standards, as a possible obligation as a result of past events. This obligation may or may not occur in the event that potential future events occur or are not in the power of the legislator or the company¹⁷. As the contingency asset is defined, as a possible outcome from past events that may or may not be confirmed in the event of potential future events not occurring within the jurisdiction of the legislator or the company¹⁸.

Based on what we are exposed to, we can divide the disclosure of information in terms of the timing of its release to prior disclosure, subsequent disclosure, and sudden disclosure. The previous disclosure is issued by the company at its inception and prior to subscription and placement of shares in the stock market.

Subsequent disclosure is the result of the Company's listing, such as disclosures from boards of directors and exporting companies. The sudden disclosure, because it relates to the fundamental events may pass the company suddenly.

We can say that the current trend of companies is to expand the scope of disclosure to increase their ability to encourage and attract investments, but it is not without its negatives. Therefore, the company must be cautious about the risks that may result from the disclosure of information intentionally or in the wrong place, May lead to loss as a result of revealing the secrets of companies, and some competitors over the other in the same field, and achieve the advantages of non-neutral.

¹⁶ Mahmoud, Essam Hanafi, Corporate Commitment to Transparency and Disclosure, Dar al-Nahda al-Arabiya, Egypt, 2006, p.64

¹⁷ Mahmoud, Essam Hanafi, op. Cit., Pp. 64-65.

¹⁸ Mahmoud), Essam Hanafi, op. Cit., P. 64.

In order to avoid this, the company and stakeholders must scrutinize and precisely identify the information, to find an acceptable balance between the companies and the level desired by the other multi-stakeholder parties¹⁹. Because good disclosure in accordance with the rules of corporate governance must be characterized by its generality, validity and adequacy, so that disclosure to all and in a framework of transparency, and that the disclosure is true and correct, and be sufficient and ensure the answer to questions. And that what hinders the implementation of the principle of disclosure to the fullest, is what companies do in order to protect their interests and not to risk unfair competition, especially in the field of control and future plans. To their goals, and to avoid the risk of competitors²⁰. In certain cases, however, the law imposed disclosure of information in order to protect transparency, to bring in investment, and at other times it was classified by the law as confidential information, and it was prohibited to disclose it²¹.

But the question arises in this regard, what is the criterion for determining the confidentiality of information intended by law? , And what are the specifications of the confidentiality of information from non-confidentiality?

To answer this question, we have to define the confidentiality of the companies' information first, and then the confidentiality of the information.

Confidentiality of the information of companies, as any specific fact or information or number that was not the subject of publication and advertisement, and is known only to the owner of the matter, and comes out of the scope of confidentiality, facts and general information is not specified, as well as

¹⁹ Gregory A. Gehlmann (2003) pp.1-4.

²⁰ Musa, Mohamed Ibrahim, Corporate Governance in the Stock Market, New University House, Egypt, 2010, p.177

²¹ Badawi, Bilal Abdulmutallab, Commitment to Disclosure of Information in the Securities Market, Comparative Study, Dar Al-Nahda Al Arabiya, Egypt, 2006, pp. 1010-108.

specific information and facts already published in any way Of the methods of publication²², and the secrets that the company and the law are concerned with protecting and may be industrial or commercial secrets²³.

CONFIDENTIALITY INFORMATION

Confidential information is the specific and specific information that revolves around a specific thing. A specific result of its disclosure or knowledge can be drawn, such as the modification of the capital or the structure of ownership or The merger must have a direct impact on the company's investments and remain confidential for a certain period until disclosed.

Therefore, the general rule shows that the information, data and documents that are deliberated or viewed in the boards of companies, are considered confidential information subject to the obligation of confidentiality by the insiders²⁴, and the comparative legislation has identified persons who are forbidden to benefit from confidential information, The American relied on a broader concept when looking at people who deserve the penalty of disclosing the company's secrets to include all of the disclosures, as did the Egyptian, Jordanian, Emirati and Lebanese legislators.

Accordingly, the crime of concealment resulting from the crime of insiders of the company's secrets can not be achieved except by the use of this confidential information on purpose, and therefore the laws came to include the penalty of "everyone who exposed" in a broad sense and did not face the category of beneficiaries.

²² Abdul Hamid, Reza Al Sayed and Koman Mohammed, Corporate Crimes in the Saudi System, Comparative Study, Dar al-Nahda al-Arabiya, 1996, p. 153.

²³ Fathy, Hussein, Insider Trading Secrets of the Company's Shares, Dar al-Nahda al-Arabiya, Cairo, Egypt, 1996, p.153

²⁴ Fathy, Hussein, Insider Trading Secrets of the Company's Shares, Dar al-Nahda al-Arabiya, Cairo, Egypt, 1996, p.64

COMPLIANCE WITH INTERNATIONAL LAW

This segment evaluated the extent to which the laws of Jordanian and comparative companies comply with the principle of disclosure and transparency as one of the principles of the Organization for Economic Cooperation and Development (OECD).

The laws of comparative companies stipulated disclosure in multiple texts and in accordance with the principles of corporate governance. These laws indicated that shareholders have the right to access the company's records, obtain copies and copies of their documents and the conditions and conditions specified by the laws²⁵. Any person having an interest shall have the right to request access to the competent administrative authority on the documents, records, records, reports relating to the company and obtaining data from them and certified by this entity²⁶. The application shall be rejected if the broadcasting of the requested data would cause damage to the company or any other body or breach of public interest.

In fact, these texts pose an important problem, namely, the conflict of interest between the obligation to disclose information and the protection of company secrets. There is a right for different parties to receive disclosure of confidential information in a timely manner. The company has the right to protect its secrets (confidentiality of information), not to disclose information in order to compete, and there is a

²⁵ Article (274) of the Jordanian Companies Law No. 22 of 1997 and its amendments: which referred to the right of the shareholder and the partner to access the information and documents and obtain a certified copy thereof, and is obtained by the Court's request for unpublished data for a small fee. Article (100) of the Trade Law of Lebanese Commercial Companies No. 304 of 1942 and its amendments, which referred to the right to access records and others.; Article (157) of the Egyptian Companies Law No. 159 of 1998, referring to the right of shareholders to view the company's records and to obtain photographs and extracts from the documents and photographs as specified in the executive regulations.

²⁶ Article 157 of the Egyptian Companies Law No. 159 of 1998.

right for third parties and shareholders to obtain material and non-essential information²⁷.

Disclosure during negotiations by companies may damage companies seeking integration, for example, and may be a source of compensation for damage to the other party caused by leakage of information, especially if the transaction is not completed to breach the obligation to maintain information during negotiation.

This may lead to the potential and expected losses of the company itself if the information is leaked before the deal is completed or before agreeing on its basic terms. One of the parties to the transaction may lose its bargaining power with third parties and thus lead to a potential decline in the share price of the companies due to the disclosure of this information.

It is true that companies conduct secret negotiations in order to obtain the best conditions, but there may be circumstances that make it necessary to disclose some information by companies, such as the need to disclose the company transactions in the event of trading in their securities²⁸.

The laws and regulations governing companies and money markets often try to reconcile the protection of company secrets with the right of shareholders and various stakeholders to obtain information, but it is almost impossible. It is necessary to determine what information should be disclosed and what secrets must be kept. Then the judgment of the judiciary is an estimate.

After exposure to disclosure issues that companies must adhere to in general in accordance with the principles of corporate governance, the information that is the subject of compliance with the legal disclosure imposed by the law on the company's board of

²⁷ (Tiger), Abu Ali Ali, *Negotiations of International Trade Contracts*, Dar al-Nahda al-Arabiya, Cairo, Egypt., without a date, p. 101 and beyond.

²⁸ Al-Nimr, Abu Al-Ali Ali Abul-Ela, *Negotiations of Electronic Commerce Contracts*, Dar Al-Nahda Al-Arabiya, Egypt, Cairo, no date, p. 101 and beyond.

directors should be determined specifically in light of the principles of corporate governance and in accordance with the laws of comparative legislation.

It should be noted that the Board of Directors of the companies must abide by the disclosure of several subjects, which are considered as important and essential information for the parties related to the company, otherwise it is considered a violation of the legal obligation and duty imposed by the legislator. The various legislations concerned the provisions relating to the formation of the Board of Directors, The terms and conditions of its members, the conditions of its membership, its restrictions, powers, duties and responsibilities, in order to ensure the good management of the company. These provisions were included in the provisions of the comparative legislations²⁹.

The Board of Directors is entrusted with the task of selecting the Performance Management³⁰ Committee and the internal committees, reviewing the compensation, ensuring the integrity of the accounting and financial reports, verifying the compliance of the company's managers with the laws and regulations, and doing everything that would lead to rational management of the company in order to avoid bankruptcy. All to the General Assembly.

Faced with this mandate of the Chairman of the Board of Directors and its members, the law obliges them to abide by specific obligations in the law and to make them accountable to the legal entity as an independent legal entity, in addition to their accountability by the shareholders, other stakeholders and other stakeholders.

²⁹ See also Articles (77-102) of the Egyptian Companies Law No. 159 of 1981; see also Articles 132-168 of the Jordanian Companies Law No. 22 of 1997 and its amendments; see Articles 144-171 of the Lebanese Companies Law No. 304 of 1942 and its amendments.

³⁰ Yamalki, Akram, Commercial Law, Companies, I 1, First Edition, Dar Al-Thaqafa for Publishing and Distribution, Amman, Jordan, 2003, p. 288.

The Cadbury Committee has identified four Board functions³¹: reviewing company strategy, evaluating the company's performance, setting standards of conduct for the company, and not violating laws and regulations, including the contract and the company's basic system.

This is in line with the comparative legislations stipulated in the Companies Laws³², as the duties and responsibilities of the various Boards of Directors. Among the most important duties and responsibilities is the obligation to disclose information within the time limits specified in the Law³³, in addition to the duties entrusted to them, which require trust and good faith.

The importance of the principle of disclosure, and the possible positive effects, whether on the company and the shareholders, or all the various stakeholders in that company, and also on the community, which suggests to investors and creditors confidence and work to reduce the risk of investors and creditors and financial corruption Inside Commercial Companies.

³¹ Cadbury, Adrian, was a report issued by Mr. Cadbury in the United Kingdom in 1992, in which he made recommendations on corporate boards and accounting systems to mitigate the risk of corporate governance failure, and was adopted by most countries and acted in accordance with his recommendations.

³² Article (132) of the Jordanian Companies Law No. 22 of 1997 and its amendments, which indicated the number of members and conditions of the Board of Directors. Article 144 of the Trade Law, Lebanese Companies No. 304 of 1942 and amended in accordance with Decree No. 9798 of 1968, stipulated the conditions and number of members of the board of directors in companies from 3-12 members ; Article (77) of the Egyptian Companies Law No. 159 of 1981 did not specify the number but stipulated that the members of the Board of Directors shall not be less than three, and did not set the upper limit of the Board of Directors. The law defines the duration of the election of the members of the Board of Directors. The Jordanian law defines them as four years and the Egyptian law sets them at three years. The Lebanese law sets them at least five years in accordance with the provisions of Article 149 of the Commercial Companies Law No. 304 of 1942.

³³ Article (591 + 841) of the Jordanian Civil Code, which states that the Board of Directors is an agent for the rest of the shareholders.

This responsibility is the responsibility of the board of directors and is responsible for the company, which is supposed to comply with it and promote the principle of disclosure and transparency, but provided that the members of the board have the most information to disclose to the shareholders. And their members, in particular their feeling and awareness that all their activities in the company are monitored.

There may be a question as to what material information is the subject matter and the subject of disclosure obligation by the Board of Directors in comparative and local laws as a party to the contractual relationship in accordance with the corporate governance principle.

According to the Jordanian Companies Law, which is similar to other laws, the Board of Directors has stipulated a number of issues which it must disclose and comply with the principle of disclosure and transparency as one of the principles of corporate governance.

The Jordanian Companies Law contains many types of disclosure obligations that the company must perform at a minimum, especially with respect to the duties of the boards of directors. The Jordanian Companies Law obligates public shareholding companies to prepare the budget and the annual report of the board of directors³⁴.

As well as the preparation of the financial statements for presentation to the General Assembly in accordance with the Financial Accounting Standards. The Board of Directors is also required to exercise due diligence and may not derogate from the usual care of the man³⁵ in respect of the disclosure and publication of financial statements and targets in accordance with International Accounting Standards.

³⁴ Article (141) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

³⁵ Article (597) of the Jordanian Civil Code of 1976; Article (593) of the Jordanian Civil Code of 1976; Articles (157 + 158 + 159) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

The Law also requires the Board of Directors to present the financial statements of the Companies Controller within ten days from the date of the meeting and within the three months following the end of the fiscal year³⁶.

The law requires the boards of directors to follow the disclosure rules relating to financial information and accounts, the profit and loss account and the annual report of the board of directors, and a report on the company's business and future prospects. All of this shall be deposited with the company controller 21 days before the general assembly meeting³⁷.

The law requires the members of the board of directors to record and write the matters presented in the meetings³⁸, the number of votes supporting them and the opposition, and the deliberations that took place in the meeting, and to record all this in the minutes of the general assembly meeting and send it to the company controller within ten days from the date of the meeting. The law also stipulates that the board of directors shall publish the general budget of the company, calculate its profits and losses, and a realistic summary at the annual report of the board and the auditor's report within a period not exceeding 30 days from the date of convening the general assembly³⁹.

In addition, it is the responsibility of the Board of Directors of the Company to prepare a semi-annual report that includes the financial position of the Company, its results of operations, profit and loss account, cash flow statement and necessary clarifications approved by the Company's auditor and the Controller within 60 days of If the company is exposed to

³⁶ Article (140) of the Jordanian Companies Law No. 22 of 1997 and its amendments; Article (181) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

³⁷ Articles (38 + 154) of the Jordanian Companies Law, which clarified the duties related to the Board of Directors regarding disclosure.

³⁸ Article (181) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

³⁹ Article (140) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

bad financial conditions⁴⁰, such as the occurrence of a physical loss that may affect shareholders 'and non-shareholders' rights, the Chairman of the Board of Directors or one of its members or its general manager or auditor shall disclose this to the Companies Controller under penalty of tort liability⁴¹.

Jordanian law did not overlook the disclosure of benefits and rewards to the Board of Directors⁴². In accordance with the provisions of the Jordanian Companies Law, the Board of Directors is required to disclose and prepare for the conduct of shareholders at the Company's headquarters and three days prior to the convening of the General Assembly and after informing the General Controller of Companies of this disclosure which shall include the remuneration and benefits enjoyed by the Chairman and members of the Board. Housing, cars and others.

In addition to the amounts paid to each of the Chairman of the Board of Directors and its members, such as travel and travel expenses⁴³, the disclosure of donations paid by the company, the beneficiaries, as well as the names of the members of the Board of Directors, the number of shares owned and the duration of each member's membership (10%) of net distributable profit⁴⁴, after deducting the tax and social service allocations, provided that the amount of the bonus does not exceed 5000 thousand dinars, a maximum limit for each member per year, either if losses occur in the company shall not be paid to the Chairman of the Board of Directors And its members except

the amount of 20 dinars per c SSH, and it is absent with an excuse eligible for this bonus⁴⁵.

It should be noted that some countries determine the remuneration and benefits of Board members by the Remuneration Committee, whose members are not executive members⁴⁶. However, in Jordanian law, the remuneration for incorporation has not been subject to the law. (Such as comparative legislation)⁴⁷.

Accordingly, the responsibility of the Board of Directors in companies to develop a written disclosure policy and define the principles, objectives and procedures governing the disclosure of the Company's information should be emphasized in the Corporate Governance Manual of the ASE. We tend to take stock of the stock market, and the Companies Law should include these important disclosures regarding the Board of Directors, to put this policy and present it to the General Assembly.

With regard to the disclosure of the ownership of the members of the Board of Directors and their family members, the Jordanian Companies Law stipulates that members of the Board of Directors must be obliged to submit a written declaration from all members of the Board of Directors, including their shares, their spouses and their minor children. And stakes therein.

It is clear from this provision that the disclosure of shares is not limited to public shareholding companies, except for the term shares, meaning that the shares of a board member must be disclosed in any company.

It follows from this that a company term refers to any type of corporate, whether limited liability, partnership or simple

⁴⁰ Article (142) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

⁴¹ Article (168) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

⁴² Article (143) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

⁴³ Article (143) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

⁴⁴ Sami, Fawzi Mohammed, *Companies - General and Special Provisions*, House of Culture for Publishing and Distribution, Amman, Jordan, 2006, p. 443.

⁴⁵ Article (162) of the Companies Law No. 22 of 1997 and its amendments.

⁴⁶ Brenda Hannigan: *Company law*, Butterworth, Suffolk, 2003, p.259

⁴⁷ Nassar, Samir, *Commercial Companies - Studying Syrian, Lebanese and Egyptian Trade Law*, Part II, Legal Library Publications, Syria, 2004, pp. 170-171.

recommendation⁴⁸. In order to comply with the obligation of disclosure and transparency, the law stipulates that a member of the Board of Directors or the General Manager of a company may not be a member of another company, similar to its aims and business for the first company⁴⁹. The law prohibits a member of the board of directors, chief executive officer or general manager from having an interest in contracts, projects and commercial engagements held by the company with others, unless they submit bids and tenders on an equal footing with the rest of the beneficiaries. The price is the most appropriate, , Without having the right to attend the voting session⁵⁰.

It should be noted that the Jordanian law, despite specifying the remuneration for the members of the Board of Directors, kept the matter incomplete. It did not disclose and did not specify travel and travel expenses during travel, rather than in a company statement.

As well as to disclose the nature of the tasks they moved to, disclose their qualifications, ownership of the shares in the company, and their membership in other boards, so that shareholders and investors can assess costs, organize bonuses, incentive system, and compare performance.

It can be said that the law requires the Board of Directors of the company through its responsibilities to commit to disclosure as a principle of corporate governance, and thus understand the provisions of the Companies Law, that required the members of the Board of Directors to take the necessary care in the management of the company and work for the company, (597) of the Jordanian Civil Code and the provisions of Article (157) of the Jordanian Companies Law. In contrast, the damage caused by his actions pursuant to Article 593 of the Jordanian Companies Law,

⁴⁸ Article (138 / a) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

⁴⁹ Article (148) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

⁵⁰ Article (148) of the Jordanian Companies Law No. 22 of 1997 and its amendments.

Civil Law and Articles (157 + 158 + 159) of the Law of Shaw Jordanian companies.

In addition, the Board of Directors, its Chairman and its members, both its general manager and its chief executives, are obliged to disclose data and information of interest to the other parties, which may enhance the knowledge of the company. Investors and others. This information is as follows: The Board of Directors is obliged to disclose and place at the headquarters of the main company at least three days before the date specified for the Annual General Assembly Meeting, a copy of which shall be provided to the Companies Controller. It shall include⁵¹ all amounts from wages, fees, salaries, allowances, Of the chairman and members. In addition to all the advantages of free housing, cars and others, enjoyed by the Chairman and members of the Board of Directors, and the amounts paid to both the Chairman and members of the Board during the fiscal year as travel expenses and transfers. It also includes the disclosure of donations paid by the company during the fiscal year, so that they are detailed and the parties that paid them.

The Board of Directors of the Company shall also:

- a) Disclosure of the date of the meeting of the General Assembly of the company by announcing it in two local daily newspapers, and at least once before a period not exceeding 14 days of the meeting
- b) To disclose the date of the meeting for one time, by announcing it in one of the audio or visual media three (3) days prior to the date specified for the meeting⁵².
- c) Invitation to the General Controller of Companies, the Securities Commission and the Auditor of the Company at least 15 days before the date of the meeting of the General Assembly,

⁵¹ Article (43) of the Jordanian Companies Law.

⁵² Article 145 of the Jordanian Companies Law.

accompanied by the agenda, and all the data and attachments⁵³.

- d) The Companies Controller shall be notified of the Company's loss⁵⁴.

CONCLUSION

The importance of applying the principle of disclosure and transparency as a source of corporate governance is many and varied, especially the disclosure of the core information of interest to the stakeholders in the company whether they are current and potential investors and other stakeholders in the company and in accordance with the principles of corporate governance. The advantages of market-based follow-up approaches are of great importance in helping shareholders To exercise their rights, because it achieves strong results affecting the behavior of companies and protect investors, to attract capital and maintain confidence in the capital markets, and this is what shareholders and investors need.

Structured information with a high degree of credibility and comparability with other data helps stakeholders evaluate management efficiency and decision-making based on adequate information about the company's assessment, because inadequate or unclear information hinders the ability of markets to function and leads to misallocation of resources. It can be said, based on what was put forward, that the commitment to disclosure in the Jordanian Companies Law has adopted most of the principles adopted by the Organization for Economic Cooperation and Development (OECD) International, especially disclosure and transparency, But he needs further adjustment and addition.

RESULTS

The most important results that we have reached in this research are that the Jordanian law provided for the commitment to disclosure and transparency, especially the boards of directors. It also provided for the replacement

of the auditors within a specified period specified by the law to ensure the objectivity of disclosure of profit and loss account and financial matters. The Jordanian law applies the international standards of disclosure according to the principles of corporate governance to a good degree, but not at the level of the global classification, and also found that weakness and insufficient disclosure is an indicator of a defect in the control system For internal and procedures comply with the rules of corporate governance.

RECOMMENDATIONS

Among the most important proposals regarding the disclosure and transparency of Jordanian companies is the drafting of legal legislation related to corporate governance, especially transparency in disclosure in line with the rapid developments in various fields. This new legislation includes the need for quick and accurate disclosure of all data relating to the material matters of the company, That financial position, performance, ownership, and control of the company. Disclosure in addition to material information should include any fact or information that may affect a person's decision to buy, retain or sell the security.

Companies should therefore establish written business procedures in accordance with the disclosure policy approved by the Board to regulate information disclosure, In accordance with the requirements of the regulatory bodies and legislations in force, in order to provide the disclosure information to shareholders and investors in an accurate, clear and non-misleading manner at the specified times and in accordance with the requirements of the regulators and legislations in force. There should be disclosures relating to periodic reports and periodic information, and insider trading of people in the company, members of the Board of Directors and the executive management, in addition to the privileges enjoyed by members of the Board and senior executive management.

Developing legal provisions to hold violators

⁵³ Article 182 of the Jordanian Companies Law.

⁵⁴ Article (168) of the Jordanian Companies Law.

accountable, with a focus on the need to prepare a manual for the ethics of work in Jordanian companies, and also to focus on binding periodic reports concerning the extent to which Jordanian companies adhere to the principle of disclosure and transparency.

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