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Jordan Corporate Governance Regulations Comparative Study

1 Companies Law

2 SME's

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Acknowledgement

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Introduction:

As the importance of Corporate Governance increases, an awareness and understanding of the different relevant regulations becomes of paramount value.

The importance and value of Corporate Governance is not the core of this publication. The publication is built around the premise that Corporate Governance is important and increasingly becoming of significant importance for growth, continued success and sustainability.[1]

Accordingly, this publication aims to identify, highlight and summarize the different codes of Corporate Governance along with other relevant regulations that impact Corporate Governance that are available in Jordan.

We intend to address the different codes with respect to the principles of Corporate Governance as defined by the Organization of Economic Cooperation and Development (OECD);[2] namely:

I. Ensuring the Basis for an Effective Corporate Governance Framework
II. The Rights of Shareholders and Key Ownership Functions
III. The Equitable Treatment of Shareholders
IV. The Role of Stakeholders in Corporate Governance
V. Disclosure and Transparency
VI. The Responsibilities of the Board

This comparative study will provide an overview of how each code (or relevant regulation) addresses the different principles and to what extent.

Since certain Corporate Governance practices tend to overlap across different principles and cover broad practices, we have found that it would be best in this study to provide a detailed assessment of different practices and requirements based on different dimensions. The dimensions we use are those defined based on best practices as identified by the International Finance Corporation (IFC) as follows:

1. Commitment to Corporate Governance
2. Board Functioning
3. Management Control Environment
4. Disclosure and Transparency
5. Shareholder and Stakeholder Relations

Commitment to Corporate Governance	الإلتزام بحوكمة الشركات
Board Functioning	ممارسات مجلس الإدارة
Management Control Environment	بيئة الرقابة الإدارية
Disclosure and Transparency	الإفصاح والشفافية
Shareholder and Stakeholder Relations	علاقات المساهمين وأصحاب المصالح

In some instances, different regulations across the region and globe will also be referred to, to demonstrate different trends and practices.

[1] For more information on why corporate governance is important, please refer to references listed in Annex 1.
[2] The English and/or Arabic version can be downloaded online from: http://www.oecd.org/daf/ca/oecdprinciplesofcorporategovernance.htm

Overview:

There are over 25 codes and guidelines issued in the Middle East and North Africa region since 2002. The codes are listed in Annex 2 for reference. All codes are built around the OECD principles of Corporate Governance but focus on different dimensions.

With respect to Jordan, there are four regulations and codes that directly address Corporate Governance as follows:

1. Corporate Governance Code for Banks by the Central Bank (the "CG Code for Banks")
2. Corporate Governance Code for Shareholding Companies by the Amman Stock Exchange (the "CG Code for Listed Companies")
3. Corporate Governance Instructions from the Insurance Commission (the "CG Instructions for Insurance")
4. Jordan Corporate Governance Code for Privately Held Companies by the Companies Controller Department (the "CCD CG Code")

In addition to the actual Corporate Governance codes that exist, there are other rules, regulations and legislation that affect the implementation of Corporate Governance in Jordan such as for shareholding companies: Securities Law, Listing and Disclosure Rules and for banks: Banking Law etc. In addition, the Companies Law No. 22 for 1997 (as amended) creates a baseline for companies with respect to Corporate Governance.

In this comparative review, we will discuss the four Corporate Governance codes along with the Companies Law.

Regulations, laws and codes in brief:

1. Companies Law

The Companies Law No. 22 for 1997 as amended, (the "Companies Law") is a broad regulation that aims to address the types of entities in Jordan, their registration and basic requirements of the operation of an entity. To a certain extent, it touches on the broad strokes of Corporate Governance.

The Companies Law addresses a lot of issues. With respect to Corporate Governance, it addresses:

• Appointment of the Board
• Roles of the Board of Directors[3]
• General assembly rules and regulations
• Rights of shareholders
• Role of the external auditor
• Rights of stakeholders

2. Central Bank

The Central Bank of Jordan, through circulars in 2000, 2002 and 2003 referred all banks to guidelines issued by The Bank for International Settlements (BIS) in 1999 promoting the adoption of sound Corporate Governance practices by banking entities.

In 2004, the Central Bank of Jordan issued Bank Directors Handbook of Corporate Governance.[4] The Handbook has five main sections, each of which addresses a broad area of Corporate Governance and bank Director responsibilities or duties. These can be summarized as follows:

1. Introduction and Background: defines Corporate Governance, discusses why it is important for a bank's safe and sound operation and outlines best practices.
2. Director Standards, Values and Efficiency: outline qualities of bank Directors and how Boards can effectively and efficiently fulfill their responsibilities to shareholders, depositors and other stakeholders.
3. Management Selection and Oversight: describes one of the Board's most important functions and how it interacts with operating management.
4. Planning and Policies: describes the Board's responsibilities to approve and monitor implementation of plans and policies.
5. Internal Control and Audit: discusses how the internal control system, internal audit and independent external audit interact and complement bank supervision.

[3] The Companies Law also accounts for the appointment of a management committee in limited liability companies, which for the purpose of this comparative review is considered as Board of Directors unless specified otherwise.
[4] A copy can be found online at: www.cbj.gov.jo/uploads/corp_e.pdf

In 2007, the Central Bank of Jordan issued a Corporate Governance Code (the "CG Code for Banks")[5] that is intended to promote international best practice with respect to Corporate Governance of Jordanian banks.

The guiding principles of the Bank's Code are fourfold:

- Fairness in the treatment of all stakeholders (such as shareholders, depositors, creditors, the bank's employees and regulators).
- Transparency and disclosure to enable stakeholders to assess the Bank's financial performance and condition.
- Accountability in the relationships between the Bank's executive management and the Board, and between the Board and the shareholders and other stakeholders.
- Responsibility – the clear division and delegation of authority.

3. Insurance Commission:

The Insurance Commission issued Corporate Governance Instructions in 2006 (the "CG Instructions for Insurance")[6] that came into effect in 2007. The instructions covered:

- Composition of an effective and knowledgeable Board (experience, independency etc.)
- Role and responsibility of the Board of Directors and executive management and experience necessary to fill such a post
- Composition and role of an audit committee
- Details of a Risk Management and Internal Control and Supervision System
- Role, responsibility and accountability of an internal auditor
- Disclosures necessary for compliance

As applicable, the provisions of these instructions shall be applied on the authorized manager and the branch of the foreign insurance Company and according to the decision to be issued by the Director General for this purpose.

4. Jordan Securities Commission:

In 2008, the Rules of Corporate Governance for Shareholding Companies listed at Amman Stock Exchange (ASE) were issued (the "CG Code for Listed Companies")[7] that cover a broad range of issues as follows:

- The Board of Directors of the Shareholding Company
- Board of Directors Tasks and Responsibilities
- Committees Formed by the Board of Directors
- Meetings of the Board of Directors
- General Assembly Meetings
- Shareholders Rights
- General Rights
- Rights within the Jurisdiction of the General Assembly
- Disclosure and Transparency
- The Audit Committee
- Duties of the Audit Committee
- Powers of the Audit Committee
- The External Auditor

5. Jordan Corporate Governance Code for Privately Held Companies

The code of Corporate Governance issued by the companies controller department issued in June 2012 (the "CCD CG Code")[8] is intended to be applicable to all companies registered in the Ministry of Industry and Trade. The code covers 5 key areas as follows:

- The Board of Directors/Management Committee – roles and responsibilities
- Control Environment
- Transparency and Disclosure
- Rights of Shareholders/Partners
- Stakeholders

[5] A copy can be found online at: www.cbj.gov.jo/uploads/code_book__e.pdf
[6] A copy of the instructions can be found online at: http://www.irc.gov.jo/legislation3.asp
[7] A copy can be found online at: http://bit.ly/17yQiKk
[8] A copy can be found online at: http://bit.ly/103zkMG

Applicability:
Each code or regulation applies to a different group of companies. The codes discussed in this comparative review apply to the following group of companies respectively:

Regulation or Code	Applicability
Companies Law	All companies registered under the companies law
CG Code for Banks	Banks registered with the central banks including foreign banks[9]
CG Code for Listed Companies	Companies listed in the Amman Stock Exchange[10]
CG Instructions for Insurance	Insurance companies registered with the insurance commission including foreign insurance companies or branches operating in Jordan
CCD CG Code	All companies that are not listed in the Amman Stock Exchange fall under this code including: - Public Shareholding Companies that are not listed in the stock exchange - Private Shareholding Companies - Limited Liability Companies - Private Shareholding Companies that are not for profit - Limited Liability Companies that are not for profit

Implementation:

Regulations and codes can take several different formats in terms of their implementation. From two ends of the spectrum, codes can be mandatory which means that all their provisions must be complied with whilst other codes are voluntary which means that implementation of their provisions are voluntary. In between the two ends there is also "Comply or Explain" mode of implementation which requires entities to either comply with the provision and in the event that they don't, they need to explain why not i.e. that the provision is not applicable, or they are still not ready to comply, etc.

This third approach is intended to give companies flexibility in implementing the Corporate Governance rules and sufficient time to adapt to them, in order to enhance awareness of these rules and to achieve full compliance gradually.

Often to ensure buy-in and increase awareness, codes also transform from one end to the other i.e. start with being voluntary, then become "Comply or Explain" and then become mandatory. This ensures that entities gradually buy into the codes or regulations and have the time and opportunity to build their capacity to comply.

In Jordan, the codes are mandatory and/or "Comply or Explain". The CG Code for Listed Companies is a combination of both whereby some provisions are mandatory and others require compliance or an explanation. There are no voluntary governance codes or regulations. This can be reflected as follows:

Regulation or Code	Form of Implementation
Companies Law	Mandatory
CG Code for Banks	Mandatory
CG Code for Listed Companies	Mandatory and Comply or Explain
CG Instructions for Insurance	Mandatory
CCD CG Code	Comply or Explain

[9] At the date of this publications there are 18 local banks and 13 foreign branches registered.
[10] At the date of this publications there are 139 listed companies.

Focus Areas

As discussed earlier, each code focuses on different Corporate Governance issues. This could be a result of different interests based on the applicability and scope of the regulation i.e. a focus on internal management issues would be more applicable for SME's whilst a focus on shareholders rights would be more applicable for listed companies.

Accordingly, with respect to Jordanian regulations, the focus areas and depth of such focus areas can be summarized as follows:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
COMPLIANCE MODEL					
V-M-C	Mandatory	Comply or Explain	Comply or Explain	Mandatory	Mandatory
CODE FOCUS ON CG PRINCIPLES					
Commitment to CG	●◖	●●◖	●●◖	●●●◖	●●◖
Board functioning	●●◖	●●●◖	●●●◖	●●●●●	●●●◖
Management & Control Environment	●◖	●●◖	●◖	●●●◖	●●●◖
Disclosure and Transparency	●●◖	●●◖	●●●●●	●●●◖	●●◖
Role of Shareholders and stakeholders	●●◖	●●◖	●●●◖	●●●◖	●◖

Blue: ●●●●●
Green: ●●●◖
Orange: ●●◖
Red: ●◖

Based on the above, it is clear that the CG Code for Banks seems to have a very strong focus on the functioning of the Board while the CG Code for Listed Companies has a very strong focus on disclosure and transparency.

Each of these sections will be discussed comparatively in more depth.

Disclaimer:

It is critical to state here that this is the opinion of the authors and whether any area is identified as a very strong focus area, weak focus area or otherwise is not a judgement on the code itself but rather shedding light on the focus areas comparatively.

I. Commitment to Corporate Governance:

Commitment to Corporate Governance is reviewed with respect to the following:

- The extent to which the Board discusses Corporate Governance issues and how that demonstrates strong commitment to CG
- Whether the Company has developed Corporate Governance codes and/or guidelines
- Whether the Company is aware of national/regulatory CG principles/codes and ensures compliance therewith
- Company disclosures to shareholders and stakeholders of information demonstrating its commitment to Corporate Governance
- If the Company has in place other pertinent codes and policies, such as Code of Conduct, Conflict of Interest and are well understood and adhered to with a 'Whistleblower' process defined

From a comparative perspective, there are only three elements that could be captured to compare this dimension which are the need for companies to disclose their commitment to Corporate Governance, the establishment of code of ethics or conduct and whistleblowing processes available or required.

Based on that, this dimension is addressed by the different Corporate Governance regulations in Jordan as follows:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Disclosure on commitment to corporate governance				To publicly report its compliance with the CG code	
Code of Ethics/Conduct		The Code of Conduct may establish the social and environmental duties of the organization.		Formal policies, including a Code of Conduct, and definitions and controls on conflicts of interest and insider dealing, have been established and are required to be assented to by all employees and Directors, and these have been published.	
Whistle-blowing		The Board should develop a whistle-blowing mechanism within its Code of Conduct		The Bank has set up arrangements whereby staff can confidentially raise concerns about possible irregularities, and that allow for such concerns to be independently investigated and followed up. Such arrangements are overseen and monitored by the Audit Committee.	

II. Board Functioning:

According to the OECD principles, the Board's roles and responsibility are addressed as follows:

OECD Guidelines:

The Corporate Governance framework should ensure the strategic guidance of the Company, the effective monitoring of management by the Board, and the Board's accountability to the Company and the shareholders.

A. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders.

B. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.

C. The Board should apply high ethical standards. It should take into account the interests of stakeholders.

D. The Board should fulfill certain key functions, including:

1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.

2. Monitoring the effectiveness of the Company's governance practices and making changes as needed.

3. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

4. Aligning key executive and Board remuneration with the longer term interests of the Company and its shareholders.

5. Ensuring a formal and transparent Board nomination and election process.

6. Monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

7. Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

8. Overseeing the process of disclosure and communications.

E. The Board should be able to exercise objective independent judgment on corporate affairs.

1. Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgment to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of Board members and key executives, and Board remuneration.

2. When committees of the Board are established, their mandate, composition and working procedures should be well defined and disclosed by the Board.

3. Board members should be able to commit themselves effectively to their responsibilities.

F. In order to fulfill their responsibilities, Board members should have access to accurate, relevant and timely information.

As can be seen from the above list, this is probably one of the broadest focus areas of responsibility. Accordingly to be able to address this component, it will be further divided into three sections as follows:

1. Board roles and responsibilities
2. Board structure, composition and independence
3. Board committees

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Board roles and responsibilities	●●◖	●●●●●	●●●●●	●●●●●	●●●●●
Board structure, composition and independence	●●◖	●●◖	●●●◖	●●●●●	●●◖
Board Committees	●◖	●●◖	●●●◖	●●●◖	●●◖

1. Board Roles and Responsibilities:

The codes address this scope of responsibility in different depth and detail.

Since the Companies Law handles all types of companies, it addresses the roles and responsibility of the Board of Directors per Company were applicable i.e. in Article 62 it defines the roles and responsibility of the management committee of an LLC, in Article 72 (Repeated) it defines the roles and responsibility of Board of Directors of private shareholding companies and in Articles 132, 140 and 142 the roles and responsibility of the Board of Directors of publicly held companies. The most extensive is covered with respect to publicly held companies and accordingly, for all types of companies where their specific provisions do not address a matter, the provisions related to publicly held companies apply i.e. Article 89 (repeated) of the Companies Law.

It is important to note here that for the purpose of this comparative review, where no distinction is made between the companies i.e. management committee for LLC or Board of Directors for privately held companies or publicly held companies, the term "Board of Directors" applies to both.

The CCD CG Code addresses the roles and responsibility of Board members and/or management committees in article 1.2 through the following principle:

The Board of Directors should:

- Provide continuity for the entity
- Approve strategy and structure
- Approve annual financial statements and External Auditor's report
- Select, appoint, support and review the performance of the CEO
- Delegate to management
- Exercise accountability to shareholders and be responsible to relevant stakeholders
- Take decisions on issues that require Board approval as required by law or the entity's by-laws

The code goes on to provide further guidance with respect to each responsibility in a bit more depth.

The CG Code for Listed Companies, CG Code for Banks and CG Instructions for Insurance go into depth in terms of the Boards roles and responsibilities in Chapter Two Section One, Article 2 and Article 3 respectively.

The respective provisions are quite broad to compare however, certain responsibilities are more comparative than others such as the express responsibility of the board (i) to represent all shareholders not just their representative shares; and (ii) for succession planning and the role of the board in this respect. This can be comparatively represented as follows:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Board represents all shareholders			Directors represent all shareholders	Directors owe a responsibility to the bank as a whole and not to any particular shareholder	
Succession planning		The Board of Directors should function in a way to ensure the sustainability of an organization by creating succession plans and structures that enable such continuity.	The Nomination and Remuneration committee is responsible to set a human resources plan in terms of the needs of the organization and the required caliber	The Board has approved executive management succession plans for senior executives of the Bank, which set out the required qualifications and requirements of the positions.	

2. Board Structure, Composition and Independence:

In this component, we compare the following criteria:

No.	Criteria	Description
1	Size of the Board	Comparing the size of Boards as permitted by the codes and regulations
2	Qualifications and diversity of composition	Comparing the different qualifications necessary to become Board members and what diversity of Board members is required
3	No. of Non-executive Directors and Independent Directors	This is two fold, comparing which codes address non-executive Directors and how many non-executive Directors should be on the Board in addition to the number of independent Directors required
4	Definition of independence	Comparing the different definitions of independence
5	Separation of Chairman & CEO roles	Comparing how the relationship between the Chairman and CEO should be handled
6	No. of Directorship a Director can hold	Comparing the number of Directorship a Director can hold
7	Terms and Renewal of Terms	Comparing how long a Director can serve properly and effectively
8	Evaluation of Directors	Comparing how if at all should Board members be evaluated
9	Corporate Secretary	Comparing which codes address corporate secretaries and to what extent

In brief, some of the key criteria above can be summarized as follows:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Size of the board	<13 & >3 (for a limited liability company a manager or a management committee <7 & >2)	<13 & >3	<13 & >5		<13 & >7
Qualifications and Diversity of Composition	- Candidate must be above 21 years	The Board of Directors should together represent a balanced mix of competences to achieve their roles and responsibilities and have the necessary background and professional experience required	Members of the Board should be qualified with adequate knowledge and experience in and more specific requirements are listed for committees	Some specific skill sets are required for some committees but not for membership to the board. There should be an element of diversity	Members of the Board should have the necessary knowledge, experience and skills to supervise and follow up on the affairs of the organization.
No. of Non-Executive Directors		Half the board	At least 3 members	Majority	
No. of Independent Directors		At least 2 independent	One third of the board be independent	At least 3 independent Directors	At least one third
Separation of Chairman and CEO	Chairman may be a full-time employee	Chairman and CEO should be separated	Chairman should not have any executive position in the Company	Chairman must be separate from the CEO with no family relationship	Roles must be separated. Chairman must not be a member of the executive management
Number of directorships	Max. 5 whether in their personal capacity or as representative of corporate body.	2-4 years renewable for up to three terms	Max. 5 whether in their personal capacity or as representative of corporate body.		
Terms and Renewal	Four years		Not less than three and not more than four		
Appointment of Corporate Secretary	Yes	Yes	Yes	Yes	

Benchmark Comparison: Board Size

There is no exact benchmark for optimal Board size in a Company. It will depend on each Company finding the right size to ensure its Board includes a good mix of skills and perspectives and can hold productive, constructive discussions on issues facing the business. Too few members will compromise decision-making and too many will be burdensome to manage.

Internationally, the benchmark varies by country/market. In the UK, a majority of Boards on the FTSE 250 have six to eleven members.[1] In the US, Latin America, and Asia Pacific the majority of Boards of public companies have seven to twelve members.[2] Companies in the MENA region have an average of six to ten members (Banks tend to be a bit larger Boards with ten or more).[3]

[1] Research Recommendations Electronic Voting, 2004
[2] PwC The Board Agenda, Good Practices, 2001
[3] IFC/Hawkamah MENA CG Survey, 2008

Below is an in depth review of each criteria.

2.1 Size of Boards

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Size of the board	<13 & >3 (for a limited liability company a manager or a management committee <7 & >2)	<13 & >3	<13 & >5		<13 & >7

With respect to Jordan regulations, the size of the Board varies from 3 to 13 for public shareholding companies[11] or for limited liability companies no less than two and no more than seven members[12] as per the Companies Law. However, there is a requirement for a minimum of 5 or 7 for listed companies as per the CG Code for Listed Companies and insurance companies as per the CG Instructions for Insurance respectively.

[11] Companies Law, Article 131 (1)
[12] Companies Law, Article 60 (a)

2.2 Qualifications and Diversity of Composition

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Qualifications and Diversity of Composition	- Candidate must be above 21 years	The Board of Directors should together represent a balanced mix of competences to achieve their roles and responsibilities and have the necessary background and professional experience required	Members of the Board should be qualified with adequate knowledge and experience in and more specific requirements are listed for committees	Some specific skill sets are required for some committees but not for membership to the board. There should be an element of diversity	Members of the Board should have the necessary knowledge, experience and skills to supervise and follow up on the affairs of the organization.

The different Corporate Governance codes go into varying depth of the qualifications required of Board members. The Companies Law handles this requirement on two levels. First, basic requirement, to be a Board member the candidate must not be less than twenty-one years old or be a civil servant in the Government or an official public corporation.[13] Second, it negates membership whereby certain individuals cannot apply i.e. persons convicted of any felony or misdemeanor involving honor such as bribery, embezzlement, theft, forgery, abuse of confidence, false testimony, or any crime against public manners and morals, or if they are incapacitated or declared bankrupt unless rehabilitated.[14]

The CG Code for Banks requires that specific Board qualifications exist for their committees but not for membership to the board itself. However, they require an element of diversity through an optimal mix of skills, ages and experiences.[15]

The CG Code for Listed Companies requires that members of the Board should be qualified with adequate knowledge and experience in administrative affairs.[16] More specific requirements are listed for committees.

The CG Instructions for Insurance requires that members of the Board should have the necessary knowledge, experience and skills to supervise and follow up on the affairs of the Company.[17]

The CCD CG Code addresses this as follows:

1.1.a Diverse competences

The Board of Directors should together:

- Represent a balanced mix of competences to achieve their roles and responsibilities and that can be representative of the entity’s service/product and target audience taking into consideration age and gender. By means of an example to include Directors with the following:
  - Experience serving on other Boards of Directors
  - Experience in managing executives/management
  - Experience in identifying and controlling risks
  - Financial knowledge
  - Knowledge of the entity's nature of business
  - Knowledge of national and international markets
  - Knowledge in applicable laws and regulations

- Have the background and professional experience required to achieve their main objective of protecting and adding value to the entity. By means of an example Directors should:
  - Be able to read and understand management and financial reports
  - Be able to provide business judgment independently to avoid conflicts of interest and in the event of any conflict of interest; has to act in accordance with this Code and its provisions related to conflict of interest, related party transactions and disclosure
  - Align their values with those of the entity
  - Have knowledge of Corporate Governance best practices
  - Have a good reputation and personal integrity
  - Have enough time available to exercise their fiduciary duties
  - Be committed to Corporate Governance implementation
  - Have a strategic vision

13 Companies Law, Article 147
13 Companies Law, Article 134
15 Corporate Governance Code for Banks, Article 2 (d) (i)
16 Corporate Governance Code for Shareholding Companies, Chapter Two Article 6
17 Corporate Governance Instructions from Insurance Commission, Article 4 a

2.3 No. of Non-Executive Directors and Independent Directors

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
No. of Non-Executive Directors		Half the board	At least 3 members	Majority	
No. of Independent Directors		At least 2 independent	One third of the board be independent	At least 3 independent Directors	At least one third

In composing an effective Board, some codes have taken into consideration the need for non-executive Directors.

The Companies law does not expressly address the issue of non-executive or independent Directors. It does however, mention that Board members of publicly listed companies shall hold a number of shares as required by the Company's memorandum or association[18] whilst members of the management committee may or may not be shareholders.[19]

However, the Corporate Governance codes require a different composition of non-executive Directors on the Board varying from half the Board being non-executives to at least three.

The CCD CG Code suggests that half the Board members need to be non-executive with at least two independent Directors.[20]

The CG Code for Listed Companies requires that at least one third of their Board members be independent[21] but does not specify non-executive Directors per se in their composition. However, they refer to the need of at least three non-executive Directors for the composition of their committees.[22] Accordingly, implicitly, this is a requirement to have at least three non-executive Directors on the Board.

The CG Code for Banks requires that the majority of the Board be non-executive, at least 3 independent Directors[23] and potentially more if the roles of the Chairman and CEO are combined.
The CG Instructions for Insurance requires that at least one third of the Board be independent[24] but does not address non-executive Directors.

18 Companies Law, Article 133
19 Companies Law, Article 60 (a)
20 Code for Privately Held Companies, Article 1.1b
21 Corporate Governance Code for Shareholding Companies, Chapter Two Article 1
22 Corporate Governance Code for Shareholding Companies, Chapter Two, Section 2, Article 2
23 Corporate Governance Code for Banks, Article 2 (d) (i) and (ii)
24 Corporate Governance Instructions from Insurance Commission, Article 4 a

2.4 Definition of Independence

The component of independence on the Board is very important to ensure that the Board of Directors can undertake independent decisions for the benefit of the entity. However, each code defines independence differently. Below is a comparison of the difference in definitions:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Employment		A director is independent if: • They are not and have not been employed in any capacity by the organization or any associated organization in the past three years. • They are not receiving significant additional remuneration from the organization or any associated organization apart from a fee received as Non-Executive Director.	A director loses their independence if: •They are or have been employed by the organization or any of its affiliates during the last three years preceding nomination for membership of the board.	A director is independent if: • They have not been employed by the Bank for the preceding three years. • They are not receiving payment or compensation from the Bank (other than as a Director). • They are not, nor in the past three years have been, affiliated with or employed by a present or former auditor of the Bank.	A director is not considered independent if: • They are or have been an employee of the organization or in any affiliated organization during the period as a board member or during the two previous financial years. They have a consultancy relationship with the board of the organization. •They accept any remuneration or compensation from the organization or any affiliated organization for services provided to the board for the current year or during the last three financial years.
Business relationship		A director is independent if: • They do not directly or indirectly have any business relationships with the organization, or associated organization, senior personnel or shareholders. • They are free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the organization or is in conflict therewith.	A director loses their independence if: • They or any of their relatives have any direct or indirect interest with the organization or any of its affiliates for the value equal to or more than 50,000 JD	A director is independent if: • They are not a director or owner of an organization with which the Bank does business (other than business relationships made in the ordinary course of business of the Bank and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties);	A director is not considered independent if: • If the member has a direct or indirect commercial interest with the organization or any other affiliated organization
Family connection compromising independence		A director is independent if: • They are not a close family member of any other Director or any senior personnel of the organization or any associated organization.	A director loses their independence if: •Any of their relatives are or have been employed in the executive management of the organization during the last three years preceding nomination for membership of the board. • They or any of their relatives are a partner of the external auditor or if they or are or have been a partner or employee of the organization's external auditor during the last three years preceding their nomination for membership of the board.	A director is independent if: • They are not a relative (up to the second degree) of an administrator of the bank;	A director is not considered independent if: •They are related to a senior employee in the organization or in an affiliated organization by marriage or family relationship which exists for the last three financial years.
Significant shareholder compromising independence		A director is independent if: • They do not own, directly or indirectly, a quantity of shares which could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the organization.	A director loses their independence if: • They control more than 10% of the organization's share capital.	A director is independent if: • They are neither a significant shareholder with effective interest in the capital of the Bank nor affiliated with one.	A director is not considered independent if: • They acquire 5% or more of the stocks of the organization. •They have has control over the organization.

2.5 Separation of Chairman & CEO roles

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Separation of Chairman and CEO	Chairman may be a full-time employee	Chairman and CEO should be separated	Chairman should not have any executive position in the Company	Chairman must be separate from the CEO with no family relationship	Roles must be separated. Chairman must not be a member of the executive management

The Chairman and the Chief Executive Officer (CEO) have different responsibilities, and accordingly to avoid conflicting interests and maintain effective supervision of management, how these roles are separated, if at all is important.

The codes handle the separation of the Chairman and CEO roles differently.
The CCD CG Code expresses a preference for the Chairman to be an independent member.[25]

[25] Code for Privately Held Companies, Article 1.1c

The CG Instructions for Insurance requires the Chairman not to be a member of the executive management - which is quite broad since this could mean a non-executive Director can be the Chairman but since the code does not address non-executive Directors this would infer that the intention is an independent Director.[26]

The CG Code for Banks requires that the Chairman of the Board be separated from that of the CEO (General Manager). Furthermore, it requires that there be no relationship up to the third degree between the Chairman and the CEO. However, if the Chairman is an executive member then there should be consideration to appoint additional independent members to the Board.[27]

The CG Code for Listed Companies requires that the Chairman of the Board should not have any executive position in the Company.[28]

In the Companies Law, the Chairman of the Board of Directors may be a full time employee with the approval of two-thirds of the Board members. The Board of Directors shall in this case determine the powers and duties that the Chairman may expressly exercise and shall fix his due fees and bonuses, provided he is not a full-time Chairman of the Board of Directors or the general manager of any other Public Shareholding Company.[29]

2.6 No. of Directorship a Director can hold

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
No. Of Directorship	Max. 3 public shareholding companies either in personal capacity or as a representative. In total no more than 5 public shareholding companies in any capacity.		Max. 3 public shareholding companies either in personal capacity or as a representative. In total no more than 5 public shareholding companies in any capacity.		

The Companies Law places a limitation to membership to Boards of publicly listed companies.[30] Individuals can in their personal capacity be Board members of a maximum of three public shareholding companies or represent a corporate body in the Board of Directors of three public shareholding companies. However, in total no person shall be a member of more than five public shareholding companies in their personal capacity or as representatives of a corporate entity. The CG Code for Listed Companies also states the same requirement.[31]

The other codes do not address this.

2.7 Terms and Renewal of Terms

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Terms	Four years	2-4 years	Cannot be less than 3 or more than 4 years		
Renewal		For up to three terms			

The CG Code for Listed Companies states that the term of Directors shall be specified in the articles of association of the Company but cannot be less than three or more than four.[32]

The Companies Law stipulates that the Board of Directors shall undertake the management of the Company for four years as from the date of its election.[33]

[26] Corporate Governance Instructions from Insurance Commission, Article 4 e
[27] Corporate Governance Code for Banks, Article 2 (b)
[28] Corporate Governance Code for Shareholding Companies, Chapter Two Article 5
[29] Companies Law, Article 52(a)
[30] Companies Law, Article 146 (a)
[31] Corporate Governance Code for Shareholding Companies, Section Two, Chapter Two Article 7
[32] Corporate Governance Code for Shareholding Companies, Section Two, Chapter Two Article 2
[33] Companies Law, Article 132

The CCD CG Code requires that Directors should serve for a specific term between 2-4 years and such term may be renewed for three additional terms.[34]

None of the other codes address the term or renewal of terms for Board of Directors.

2.8 Evaluation of Directors and Training

To ensure that the identified composition and the selected Board members continue to perform their roles and responsibilities adequately, it is worth taking a comparative look at the requirement to provide induction opportunities for new Board members, continuous learning for existing Board members and evaluation of Directors to regularly improve performance.

These can be summarized as follows:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Induction		Each Director upon appointment should receive some sort of induction to help the Director better understand the organization's business, its strategy, policies, challenges to ensure their effective contribution to the Board.	The Company shall provide all relevant information about the company to ensure that the directors can perform their duties	The Nominations and Remuneration Committee is responsible for providing background briefing material for Directors as requested,	
On-going development		Advise the management and relevant staff regarding any amendments to the laws and provide adequate training on relevant regulatory issues.		The Bank encourages Directors to attend seminars and events that allow them to meet local and international organizations, entities and companies.	
Board evaluation		The Board of Directors should regularly (at least once every two years) review its composition and performance. The Nomination and Remuneration Committee would propose to the Board a methodology for such evaluation.		The Board, through the Nominations and Remuneration Committee, at least annually assesses its own performance as a Board.	

[34] Code for Privately Held Companies, Article 1.1.e

2.6 No. of Directorship a Director can hold

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Appointment	Yes	Yes	Yes	Yes	
Role	• Arrange for Board meetings • Preparation of agenda • Record minutes of the Board's meeting and decisions	• Coordinate board of directors meetings • Preparing and disseminating relevant material for meetings in advance • Taking and documenting minutes of the meetings • Ensure that board procedures are followed • Ensure the board members sign the resolutions. • Follow up an implementation of decisions taken. • Keep records and documentation of Board of Directors meetings. • Ensure governance practices and policies are complied with. • Ensure compliance towards relevant laws and regulations related to the Board's decisions. • Carry out and coordinate the security of data and documents within the control of the board.	• Record minutes of the Board meetings • Prepare a list of members present • Record any reservations expressed	• Arrange for Board meetings • Taking of minutes • Ensure Board procedures are followed • Information is conveyed between Board members, members of Board committees, and the executive management	

It is becoming an increasing practice for companies to appoint a corporate secretary to help manage the Board of Directors.

Accordingly, some codes address the importance and/or the appointment of such a corporate secretary (also referred to as a Board secretary).

The Companies Law requires that the Board of Directors appoint a secretary of the Board. The secretary's role is specified to include: arrangement of Board meetings, preparation of the agenda for Board meetings, and recording the minutes of the Board's meetings and decisions.[35]

CG Code for Banks identifies that the role of the Board secretary is an important one. The role of the Board secretary is mentioned to include in addition to arrangement of meetings and taking of minutes to also ensure the board procedures are followed and that information is conveyed between the members of the Board, the members of the Board committees and the executive management. The whole Board is responsible for the appointment, and removal of the Board secretary.[36]

[35] Companies Law, Article 154
[36] Corporate Governance Code for Banks, Article 2(e) (xi)

The CG Code for Listed Companies also mentions the responsibility of the Board to appoint a Board secretary whose responsibility would be to record minutes of Board meetings and their decisions as well as the list of members present and any reservations that they express.[37]

The CCD CG Code also requires the appointment of a corporate secretary with clear roles and responsibility.[38]

3. Board Committees

The different codes regulate different committees in different depth.

The Companies Law does not address the issue of governance committees. However, in all the other codes, certain committees are required. This can be summarized as follows:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Audit		Yes	Yes	Yes	Yes
Nomination		Yes	Yes	Yes	No
Remuneration		As part of the nomination committee	As part of the nomination committee	As part of the nomination committee	No
Risk Management Committee				Yes	

However, each code addresses each committee in different depths and covering different issues.

3.1 Audit Committee

With respect to the audit committee we compared the following:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Composition			At least 3 members	Three NED At least 2	At least 3 members
Independence		Majority independent	At least 2		At least one third
Committee Chair			Independent		Independent
Financial expert			All members should have financial know-how but at least one person should have previous work experience as an auditor or accountant or with the relevant degree	At least two members of the Audit Committee should have relevant financial management qualifications and/ or expertise	All members of the Audit Committee must have knowledge and experience in finance and accounting, and at least one of them must have worked previously in accounting or finance fields, and that person must have an academic or professional certificate in accounting, finance or related fields.
Meeting frequency			At least four times a year		At least four times a year

[37] Corporate Governance Code for Shareholding Companies, Section 3 (5)
[38] Code for Privately Held Companies, Article 1.5

3.2 Remuneration Committee

With respect to the Nomination and Remuneration committee we compared the following:

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Remuneration Committee		The Remuneration Committee formulates remuneration policies	The Remuneration Committee formulates remuneration policies and insures independence of the Directors	The Nominations and Remuneration Committee comprises a minimum of three non-executive Directors, the majority of which (including the Committee Chairman) are independent.	
Remuneration guidelines		Set the remuneration structure and policy for key executives	Set the remuneration structure and policy for key executives	The Nominations and Remuneration Committee nominates all Board appointments, duly considering candidates' abilities and qualifications and, for re-nominations, their attendance and the quality and extent of their participation in Board meetings.	Adopting measures to specify the amount of compensation determined for the members of the Board of Directors and the executive management including salaries, allowances, remunerations and other privileges in a manner that preserve the interest, goals and objectives of the Company and in accordance with the relevant legislation.

III. Management and Control Environment

The management and control environment dimensions addresses several issues as follows:

- Risk management framework and whether the structure is working effectively
- The presence and effectiveness of internal controls and internal audit frameworks
- The degree of independence of the external auditor and the relationship therewith
- The checks and balances to ensure compliance with existing rules and regulations

Like all other dimensions, the various codes and regulations address this dimension in different ways and in different depths. To create an effective baseline for comparison, the issues that will be compared are:

1. Internal audit
2. Internal controls and risk management
3. Degree of independence of external auditor
4. Rotation of external auditors
5. Non-Audit work handled by external auditors

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Internal audit		Organizations should consider establishing an internal audit function or appoint an internal auditor. The internal auditor should have a broad scope of work to review all matters within the organization.	The Audit Committee is responsible to ensure the compliance of the Company with regulations and effectiveness of the internal audit .	The Internal Audit function of the Bank should be provided full access to Bank records and staff members, and given sufficient standing and authority within the Bank to adequately carry out its task.	Appoint an internal auditor or establish an internal audit unit to audit the effectiveness and sufficiency of the internal control and supervision system, and the business of the company including the management of the company risks
Internal Controls and risk management		Management should establish and implement, and the Board should be assured that there is, an effective internal control system that includes risk assessment. The Board should review risk management policies at least once a year	The Board is responsible to set a risk management policy and establish the internal controls. The Audit Committee shall undertake the task of overseeing and monitoring accounting and internal control and auditing activities in the company.	The Board as a whole ensures and certifies that internal control systems are effective and that the Bank's activities comply with strategy, policies and procedures approved by the Board or as required by law or regulation. As a critical part of these internal controls, the Board ensures that all dimensions of the Bank's risk are managed properly The Audit Committee is accountable to review and monitor the internal controls and the Risk Management Committee is accountable to ensure proper risk management policies are in place.	The company shall establish an authenticated internal control and supervision system, accredited by the board of directors of the company including ensuring the Availability of supervision controls and segregation of responsibilities, and ascertainment of segregation between the authorities responsible for risk management and the controllers on these risks.,

External Auditor Independence	The external auditor should not: participate in the founding of a Public Shareholding Company whose accounts they audit, be a member of its Board of Directors, work permanently in any technical, administrative or consultancy work therein, be a partner to any member of its Board of Directors or to be an employee of any Board member.	To maintain independence the external auditor(s): • Should not be retained after four consecutive years. • Should not be allowed to provide non-audit services that might affect their independence	The company's external auditor is not a founder, a shareholder, a member of its board of directors, or a partner or an employee of any member of the board of directors. B. The external auditor does not perform any additional services to the company such as administrative or technical consultations. C. The external auditor is independent in accordance with international auditing standards. D. The external auditor performs his duties impartially without interference from the board of directors or the executive management.	The Audit Committee assesses the objectivity of the external auditors, including the consideration of any other non-audit work performed by the external auditors upon appointment.	
Auditor rotation		Every 4 consecutive years with a 2-year cooling off period	Every 4 consecutive years with a 2-year cooling off period	The Bank requires the regular rotation of the external audit between auditing firms. Should this no longer be practical, then the Bank will at a minimum require the regular rotation of the principal partner in charge of the external audit	
Non-audit work carried out by the auditor	Non-audit work is not permissible by the appointed auditor	The Board should identify the types of non-audit services the auditor may provide and disclose	Not permissible.	Mentioned in reference to the identification of the independence of the external auditor for appointment	

IV. Disclosure and Transparency

Disclosure and transparency is a key principle of governance. It mainly addresses:

- The timely and adequate disclosure of financial and non-financial information
- Standards against which the financials are reported
- Annual reports and other forms of disclosure
- At minimum compliance with information disclosure of applicable laws, listing rules and regulations.

Below is a comparative review of the disclosure requirements of annual reports within each code.

1. Companies Law

Under the Companies Law companies are required to disclose the following in their annual report:[39]

- Annual balance sheet and final accounts including the profit and loss account, necessary clarifications and cash flow statement, fully audited by a licensed auditor in accordance with recognized and accredited international auditing principles
- Annual report on the Company activities.

For public shareholder companies also to include in their annual reports:[40]

- All amounts received from the Company during the fiscal year by the Chairman and each of the members of the Board of Directors, in the form of wages, fees, salaries, bonuses, remuneration and others.
- Benefits that the Chairman and the members of the Board of Directors enjoy such as free accommodation, cars and others.
- Amounts that have been paid to the Chairman and members of the Board of Directors during the fiscal year such as travel and transport allowances inside and outside the Kingdom.
- A detailed account of the donations paid by the Company during the fiscal year, and the entities that received the said donations.
- A list of the names of the Board of Directors, number of shares owned by each of them and the duration of the membership of each member.

In addition to the annual report, publicly listed companies, should provide to the controller:

- A report of the entity's financial position every six months;[41] and
- A written statement from the Chairman and Board members regarding the ownership of shares in the Company or other companies by them and their families.[42]

2. CCD CG Code

CCD CG Code addresses disclosure in terms of a general principle as follows:
"The entity should voluntarily disclose a balanced assessment of the entity's position and prospects, and in a timely manner, all information that may have a material impact on the decisions of its shareholders and stakeholders."

At minimum, the entity should disclose in addition to the legal requirements the following:

- A Corporate Governance statement, which explains compliance and/or non-compliance with this Code.
- Materially significant related party transactions.
- Details of Directors' remuneration.
- Policy for evaluating the Board's performance.

[39] Companies Law, Article (62) and Article (140)
[40] Companies Law, Article (143)
[41] Companies Law, Article (142)
[42] Companies Law, Article (138) (a)

Also, non- financial disclosures are discussed whereby Directors should review all of their disclosure standards relating to non-financial information. Non-financial information covers several domains. The following is a sample list of such information:

- Ownership structure including disclosure of shareholders owning more than 10% of shares.
- Directors' shareholdings and any changes therein as well as benefits and remuneration they obtained.
- Directors' attendance of Board meetings.
- Details of loans to Directors and related parties.
- Details of the entity's penalties imposed by any statutory authority.
- Material risk factors and uncertainties.
- The Company's values, mission and objectives.
- Commitment to social responsibility.
- Insider trading policy.
- External Auditor.
- Material issues regarding employees and stakeholders.
- Discussion of recent performance.
- Policy and procedure pertaining to related party transactions including the nature and amount of the transactions.

3. CG Code for Listed Companies

Under the CG Code for Listed Companies requirements, companies are required to disclosure in their annual reports the following:[43]

- To Include financial statements certified by an auditor, within 90 days of the end of its fiscal year.
- A preliminary report about activities submitted after a preliminary audit thereof.
- A report pertaining to the election of the Board of Directors or the executive Board or any change in the composition or identity of any members thereof.
- The Board must specify the persons required to sign the report.
- Every Issuer must make public, and file with the Commission, any material facts upon recognizing such.

Furthermore, the Jordan Securities Commission has issued guidelines on preparing annual reports.[44]

4. CG Code for Banks

Under the CG Code for Banks, and as part of every banks commitment to transparency and full disclosure, the Bank in its annual report should include the following information:

- Its Corporate Governance Code, and annual details of its compliance.
- Information on each individual Director: qualifications and experience; shareholding in the Bank; whether an independent, non-executive, or executive Director; the membership of Board Committees; dates of appointment to the Board; other Directorships; attendance at Board and Board Committee meetings; remuneration; loans from the Bank and other transactions between the Bank and the Director or his companies or other related parties.
- Summary entity chart.
- Summaries of the terms of reference of Board Committees, and any authorities delegated by the Board to Board Committees.
- The frequency of Board and Board Committee meetings.
- Summary of the remuneration policy; remuneration of highest-paid executive management.
- Statement by the Board of the adequacy of internal controls.
- A description of the structure and activities of the risk management department.
- The significant shareholders of the Bank (for example, individual or related parties holding or controlling more than 10%), with identification of the ultimate beneficial owners of such interests if this is needed for explanation.

5. CG Code for Insurance

Under the CG Instructions for Insurance, a Company should include the following in its annual report:[45]

- The relationship between the Chairman of the Board of Directors of the Company and its general manager, if any.
- The organizational structure of the Company including the structure of the Board of Directors and the executive management as well as their qualifications and experiences.
- The remuneration policy for every member of the Board of Directors of the Company and the executive management.
- The main risks in the Company and the risk management policy.

[43] Securities Law, Article (43)
[43] The guidelines can be found online at jsc.gov.jo/library/633911808112732500.pdf
[45] Corporate Governance Instructions from Insurance Commission, Article (15)

V. Role of Stakeholders and Shareholders

The role of shareholders and stakeholders is covered across the OECD governance principles. However, they can be summarised as follows:

- The importance to protect and treat all shareholders equally
- The organization of the general assembly
- Ensuring that policies on related party transactions, conflicts of interest and insider trading are in place
- Clear recognition of the legal rights of various stakeholders

Due to the maturity of the national market, these provisions are often granted little or no attention and this is reflected in all laws, rules, regulations and codes.

However, for the sake of completeness, below is a comparative chart of the various codes and how they address the role of stakeholders and shareholders.

	Companies Law	CCD CG Code	CG Code for Listed Companies	CG Code for Banks	CG Instructions for Insurance
Protect and treat shareholders equally	No express responsibility but implicit in several articles i.e. 144 and 178.	A responsibility is expressed whereby the board of directors are accountable to shareholders and where the Directors are responsible to ensure that each and every shareholder shall be provided with full and accurate information about the organization, unless there is a justifiable reason not to do so.	An express responsibility on the organization to take appropriate measures to ensure that shareholders enjoy their rights in a manner that would achieve justice and equality without discrimination.	An express responsibility on the Bank to take active steps to encourage shareholders, in particular minority shareholders, to participate in the Annual General Assembly, and also to vote either in person or in their absence by proxy.	
The organization of the General Assembly	There are extensive provisions in the Law about organization of the General Assembly Meeting – the majority of which can be found in Article 144.	The organization should ensure that shareholder meetings proceed effectively and encourage effective participation			
Policies on related party transactions, conflicts of interest and insider trading	There is a clear liability on the organization's Chairman, Board of Directors, Management or employees if insider information is shared.	The Board should set clear policies and procedures that identify conflicts of interest and the respective measures taken to avoid or prevent actual, potential, or perceived conflict of interest that could affect the integrity, fairness, and accountability of the organization. The organization should have a Code of Conduct.	The Audit Committee is responsible to review and approve related party transactions and ensure that no conflict of interest may arise from the organization's transactions, contracts or projects with related parties.	The Board should ensure that the Bank maintains a high degree of integrity in its operations through formal policies, including a Code of Conduct, and definitions and controls on conflicts of interest and insider dealing, and are assented to by all employees and Directors, and these have been published.	
Recognition of rights of stakeholders		The management should run and develop the organization with consideration to its stakeholders and ensure successful interaction between the organization and its stakeholders through an open and transparent process.	Board is responsible to set a policy to organize relations with stakeholders.	The Board of Directors has overall responsibility to ensure that the interests of stakeholders are met.	

Annex 1

The role of shareholders and stakeholders is covered across the OECD governance principles. However, they can be summarised as follows:

- The importance to protect and treat all shareholders equally
- The organization of the general assembly
- Ensuring that policies on related party transactions, conflicts of interest and insider trading are in place
- Clear recognition of the legal rights of various stakeholders

Due to the maturity of the national market, these provisions are often granted little or no attention and this is reflected in all laws, rules, regulations and codes.

However, for the sake of completeness, below is a comparative chart of the various codes and how they address the role of stakeholders and shareholders.

Annex 2

MENA CORPORATE GOVERNANCE CODES/GUIDELINES

#	COUNTRY	CODE TYPE	Year
1	Algeria	Code for FOEs & SMEs	2009
2	Bahrain	Code for Joint Stock Companies	2010
3	Egypt	Code for Listed Companies	2005/2011
4	Egypt	Code for SOEs	2006
5	Egypt	Guidelines for FOEs	2008
6	Jordan	CG Code for Banks	2008
7	Jordan	CG Code for Listed Companies	2007
8	Jordan	CG Instructions for Insurance	2006
9	Jordan	CCD CG Code	2012
10	Lebanon	Code for Joint Stock Companies	2006
11	Lebanon	Guidelines for Listed Companies	2010
12	Lebanon	Guidelines for FOEs	2010
13	Morocco	Code of Corporate Governance	2008
14	Morocco	Code for FOEs & SMEs	2008
15	Morocco	Code for Listed Companies	2011
16	Oman	Code for Listed Companies	2002
17	Pakistan	Code for Listed Companies	2002
18	Pakistan	Code for SOEs	2002
19	Palestine	Code for Listed Companies	2009
20	Qatar	Code for Listed Companies	2009
21	Qatar	Guidelines for Banks	2008
22	Saudi Arabia	Regulations for Listed Companies	2006
23	Syria	Code for Banks	200?
24	Syria	Code for Listed Companies	2006
25	Tunisia	Code of Corporate Governance	2008
26	UAE	Code for Banks	2008
27	UAE	Code for Joint Stock Companies	2007
28	Yemen	Code of Corporate Governance	2010