



مركز إيداع الأوراق المالية
Securities Depository Center

2020 | Annual REPORT



His Majesty King Abdullah II Bin Al Hussein



His Royal highness Crown Prince Hussein Bin Abdullah II

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Board of Directors Chairman's Statement

In the Name of Allah

Distinguished Members of the Securities Depository Center's General Assembly,,,

Ladies and gentlemen may Allah's peace, mercy, and blessings be upon you,

On my own behalf and on behalf of all my colleagues, members of the board of the Securities Depository Center, allow me to welcome you all to your attendance at the twenty-third meeting of the General Assembly of the Securities Depository Center, and allow me also to provide you with the annual report that includes the work of the SDC, its achievements, its financial statements for the past year (2020), and its future plan for the coming years.

In line with the directives of the Jordanian government and in implementation of the defense orders that were issued successively during the year 2020, which imposed great challenges related to the mechanism of dealing with the pandemic, and its effect on the continuity of work and provided services to all parties, the capital market institutions worked hand in hand during this pandemic to develop and set-up the technical infrastructure for the operational systems and prepare them to be ready in standard time for remote-online work. The SDC was keen to provide the means that enable its members to continue performing the tasks and work related to them and their clients through the electronic systems of the SDC under times that required working remotely as the developments in the epidemiological situation in the Kingdom imposed in accordance with the decisions issued by the government from time to time, and at the same time guarantees the continuity of work in all circumstances and in accordance with the international standards and best practices in this field.

Accordingly, all necessary measures have been taken to ensure social distancing through online venues, therefore during the past year, the SDC held its ordinary and extraordinary general assembly meeting that came in implementation of the decision of Prime Ministry including reducing the number of members of the SDC's board of directors from seven to five through visual communication technology (ZOOM).

The SDC has worked during the year 2020 to implement projects that contribute to developing its work structure by applying international standards and best practices, as the SDC has worked to develop its electronic system and subsystems to keep pace with recent developments by adopting advanced web technology, which contributes positively to save time and effort

to complete business and cope with the application of the system easily. Moreover, the SDC completed the project of the inter-connection with the Central Bank of Jordan through VPN to be effective as a back-up line in the event that the SWIFT system fails for any reason which ensures workflow and reduces costs, the SDC also completed the development of the documents and archives management system.

As for future plans, the SDC will work on completing a set of plans that would organize and develop the Jordanian capital market, including studying the technical and legislative requirements for preparing the infrastructure for the project to distribute cash dividends to shareholders, and it will also work to complete the necessary amendments to its electronic systems to implement financial settlements of the blocks directly through the SDC on the basis of delivery for payment (DvP), in addition to the SDC's endeavor to develop its website to keep pace with the latest developments in this field.

In light of the SDC's endeavor to develop its electronic services and later on launching the text message service (SMS) via mobile phones for investors, which enables investors to follow up on the trading operations executed on their accounts from selling and / or buying securities at the Amman Stock Exchange, the SDC will work to develop the service so that investors can follow all transactions that are made on their accounts from transfers, corporate actions, ownership restrictions, and others.

Finally, I extend my sincere thanks and gratitude to all members of the Board of Directors of the SDC and its employees, and to both the Jordan Securities Commission and the Amman Stock Exchange Company for the efforts made in light of dealing with the global Corona pandemic and its repercussions, and their all attempt to contain its economic effects by enhancing investor confidence in the capital market, and supporting and stimulating the national economy, by improving the investment environment in the Jordanian capital market.

May Allah protect His Majesty King Abdullah II Ibn Al-Hussein, and may Allah protect us.

Muna Fawzi Al-Mufti
Chairman

Chief Executive Officer's Statement

Distinguished Members of the Securities Depository Center's General Assembly,,,

It is my pleasure to meet you at the twenty-third annual meeting of the General Assembly of the Securities Depository Center (SDC), and it is my great pleasure to present to you the annual report that includes the most prominent works and achievements of the SDC during the year 2020, the future plan as well as the financial data as of 31/12/2020.

Dear esteemed attendance

The SDC that is legally empowered by the virtue of Securities Law No. (18) of 2017 to oversee the securities registration, deposit, safekeeping, and transfer of ownership. The SDC aims to enhance the confidence of investors in securities and enable them to follow-up their investments easily and conveniently by establishing a central registry to safe-keep the ownership of securities and reduce risks related to settlement of trading transactions executed through the market by implementing by-laws, instructions & procedures that are fair, fast & safe.

Despite the difficult conditions that our beloved country went through due to the Corona pandemic, the SDC was able to manage the crisis efficiently and competently by concerted all efforts starting from the board of directors, executive management, heads of departments, heads of sections and employees. The SDC was able to conduct its business and serve its members and the public of investors in the most accurate way and the most difficult circumstances, as the technical and technological structure of the SDC helped to activate remote work for the employees, and procedures have also been put in place that help members to activate remote work.

In 2020, the SDC registered bonds issued by the Government of the Hashemite Kingdom of Jordan, corporate bonds and Islamic Sukuk where (85) issues were registered with a value of (JOD 4.9) billions. On the other hand, the SDC redeemed (68) issues with a value of (JOD 3) billions.

The SDC also registered the shares that resulted from increasing of capital of (6) public shareholding companies with a total of (55) million shares, on the other hand, the number of shares was decreased by (42) million shares as a result of (11) public shareholding companies decreasing their capitals.

During the year 2020, the SDC defined (7,907) investors, the total number of investors identified on the SDC's database was (631,226) investors as of 31/12/2020, of which (571,413) Jordanians, (52,876) Arabs and (6,937) foreign.

The SDC applied clearing and settlement measures for trading contracts executed at the ASE on the basis of Delivery versus Payment (DvP) where delivery of sold securities is against payment of funds. The number of electronic trading contracts that has been subjected to electronic clearing and settlement operations during the year 2020 were (451,619) contracts where (1.3) billion shares were transferred with a value of (JOD 1) billion. Also, the total amounts received and paid through the settlement account of the SDC at the Central Bank of Jordan (CBJ) were (JOD 243) million.

The SDC continues work under the provisions of the internal by-law of the Settlement Guarantee Fund that aims to cover the cash deficit of a fund member in connection with his purchases of securities and cover the deficits in the securities account of a fund member in connection with his sales of securities in the market. The total amount of the members' contributions to the Fund as of 31/12/2020 was (JOD 7.3) million of which (JOD 2.3) million as cash contributions and (JOD 5) million as bank guarantees.

The SDC continues place and release ownership restrictions on deposited securities. During 2020, the SDC executed (11,042) pledge, release of pledge, Lien, and release of lien transactions where the number of shares on which these operations were carried out reached (585.1) million shares. In addition, the SDC provides freezing service to investor that enables him to freeze his shares in the central registry where the SDC executed (11) freezing transactions and unfreezing (3) transactions.

With regard to transactions exempted from trading through the market, the SDC executed inheritance transfers that are conducted from deceased's account to his lawful inheritors' accounts where the number of securities was transferred (63.2) million securities with a market value (JOD 89) million through (11,986) transfer deeds, while the number of family transfers reached (1,839) under which (43.7) million securities were transferred with a market value of (JOD 50.1) million, in addition to transfers of non-traded securities and other transfers, the number of securities was transferred (62.9) million securities with a market value (JOD 843.2) million through (5,539) transfer deeds.

As for the technical structure, the development and modernization of the SDC's electronic systems (SCORPIO)[®] according to the latest versions of global systems and applications have been completed, which ensures increased efficiency and reliability of systems and guarantees the confidentiality of the data and transactions executed as the new SDC systems work within a technical environment are not downloaded on the users' computers Web-Enable, and the activation of the archiving and internal correspondence management systems has also been completed, which will ensure raising the efficiency and performance of the employees, leading to a paperless environment.

In light of the challenges of the pandemic, the SDC has succeeded in holding the ordinary and extraordinary general assembly meetings through technological techniques for holding remote meetings, as it was also able to develop and build a special electronic system for managing board elections remotely (eVoting System).

Distinguished attendees,,,

In conclusion, I would like to emphasize that the SDC will always do its utmost to actively contribute to achieving national goals and visions, and we will work hand in hand to confront all the difficulties and challenges that will face us, and finally I extend my thanks to you for your continuous support, trust and your continuous support to us, and I also thank the SDC's staff of different positions for their seriousness work and their cooperation to achieve the goals and aspirations of the SDC under the patronage of His Majesty King Abdullah II Ibn Al Hussein, may Allah protect him.

Jamal Jallab

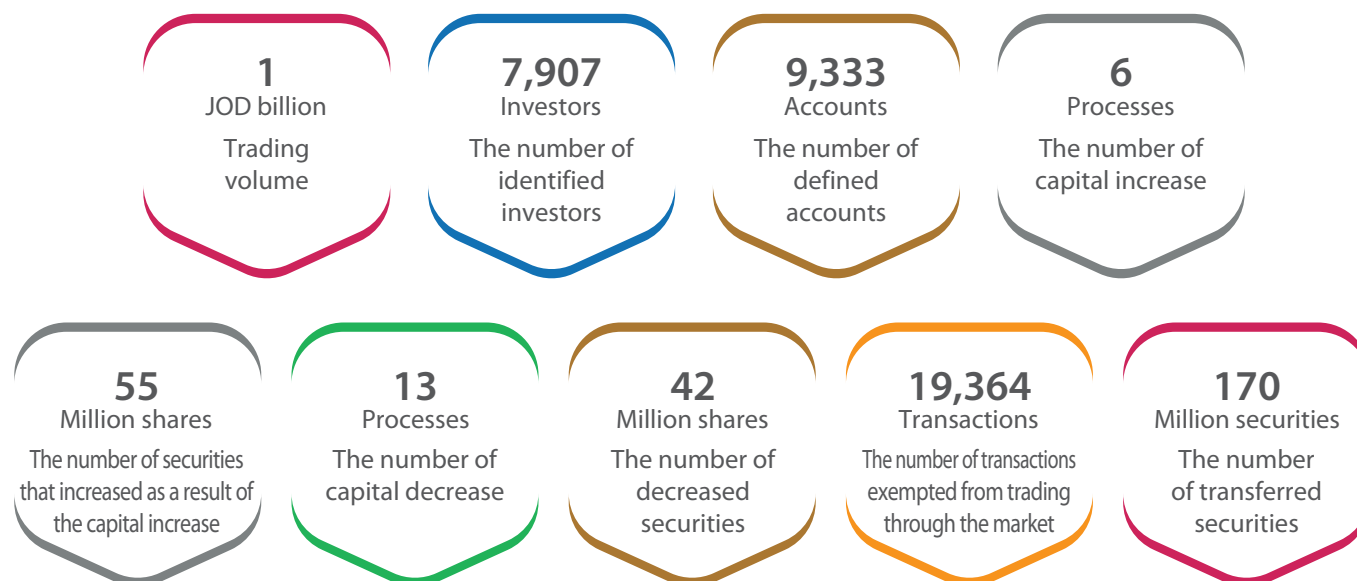
Acting Deputy Chief Executive Officer

Illuminations

As at the end of 2020



During 2020



Our Vision

Internationally distinguished organization contributing effectively in enhancing safe, sound and stable investment environment to support national economy.

Our Mission

Safekeeping, clearing and settlement of securities according to international standards and best practices, improving the level of services, relying on qualified human resources and high technology in addition to adopting excellence culture.

Our Objectives

- Enhance the confidence of investors in securities and enable them to follow-up their investments with ease.
- Reduce risks related to settlement of trading transactions executed through the market.



Overview of the SDC

Establishment and Responsibilities

The SDC commenced operation in May 1999 and is the only entity in the Kingdom that is legally empowered to oversee the following responsibilities:



SDC's Management

The SDC's governance structure consists of a board of directors which establish the SDC's general policy to guarantee the management and development of its operations and activities, and establish the necessary internal by-laws and instructions to direct the SDC's affairs. The SDC's Board of Directors is composed of:



(1) The members of the SDC's Board of Directors were appointed in accordance with the decision of the Board of Commissioners of the Jordan Securities Commission on 10/12/2020.

(2) Mrs. Muna Fawzi Al-Mufti was elected Chairman of the SDC's Board of Directors, and Mr. Khalil Moh'd Naser was elected Deputy Chairman of the SDC's Board of Directors in accordance with the decision of the SDC's Board of Directors on 16/12/2020.

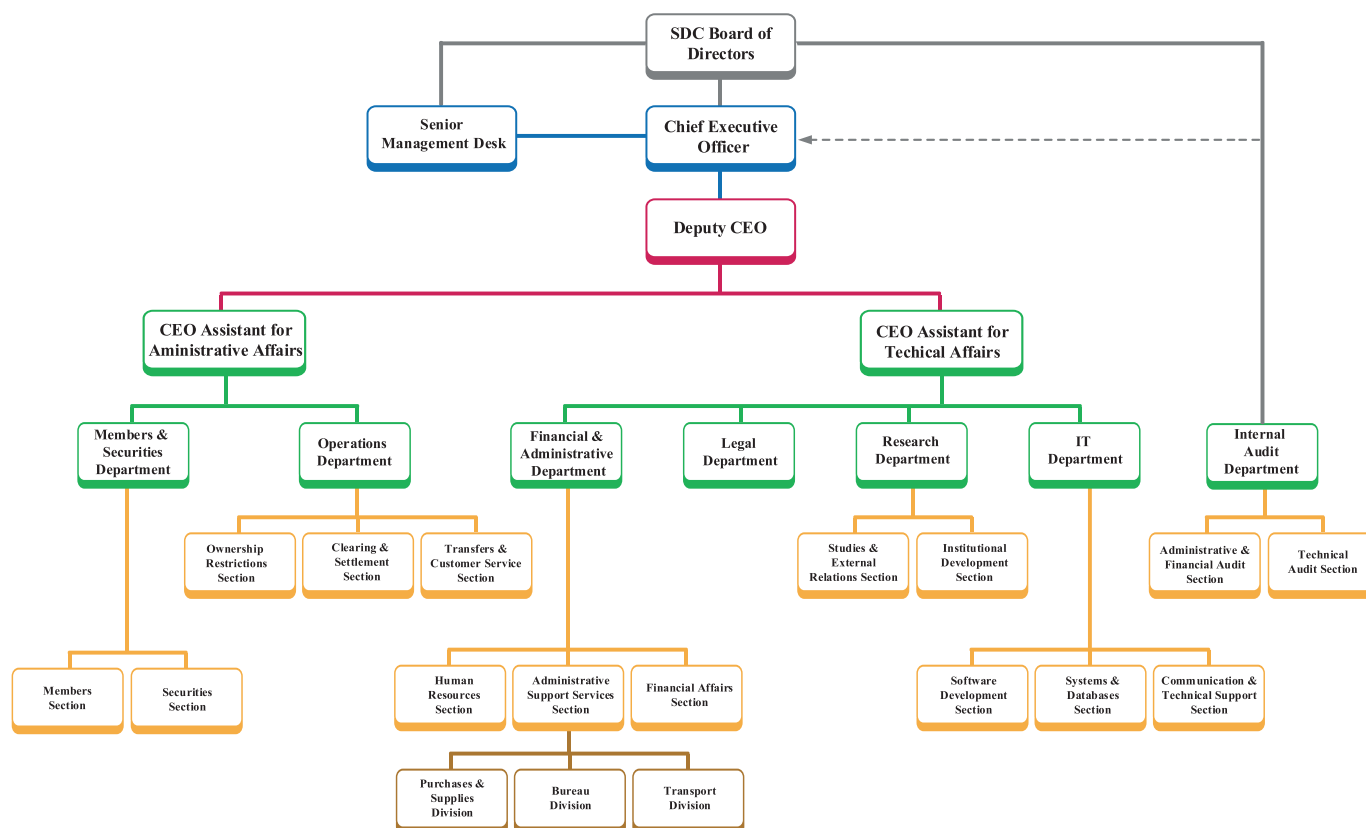
(3) Members of the Board of Directors which are public shareholding companies, brokers and custodians were elected at the SDC's extraordinary General Assembly meeting held on 05/10/2020.

(4) The SDC's Board of Directors decided in its meeting on 30/06/2020 to appoint Mr. Jamal Jallab as Acting Deputy CEO, in addition to his position, to manage the SDC's affairs during the vacancy of the CEO's position.

Beside the Board of Directors, the Chief Executive Officer, is responsible for all the administrative, financial and technical affairs of the SDC including follow up the implementation of the Law, by-laws, instructions and resolutions issued pursuant thereto, execute the Board of Director's resolutions, follow up the due operations of the SDC and the performance of its employees and administrative body, and pursue all the powers and further activities assigned to him by the Board of Directors.

The SDC conducts its operations through different departments and sections based on transparent institutional methods with the application of the international standards and best practices, where the SDC consists of seven departments. Below is an illustration of the SDC's organizational structure:

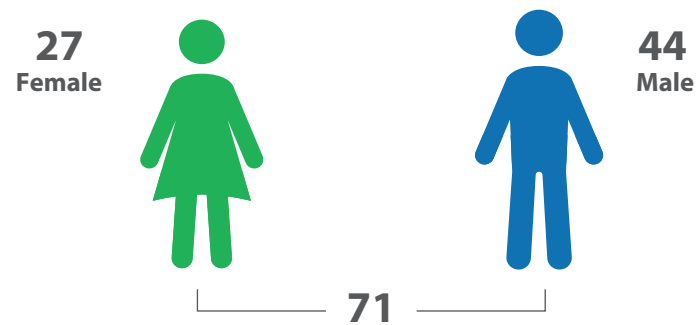
Organizational Structure



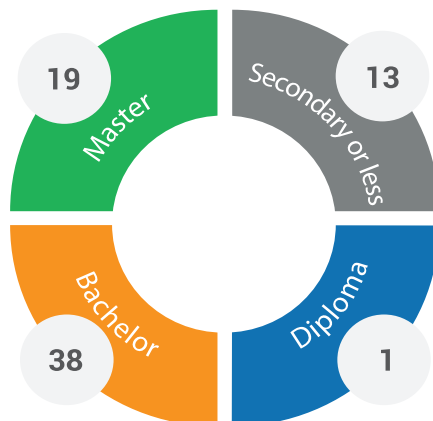
Human Resources

The SDC has a continuous concern in the development of its human resources and its performance. The following are graphs illustrating the composition of human resources, where the SDC has (71) employees as of 31/12/2020.

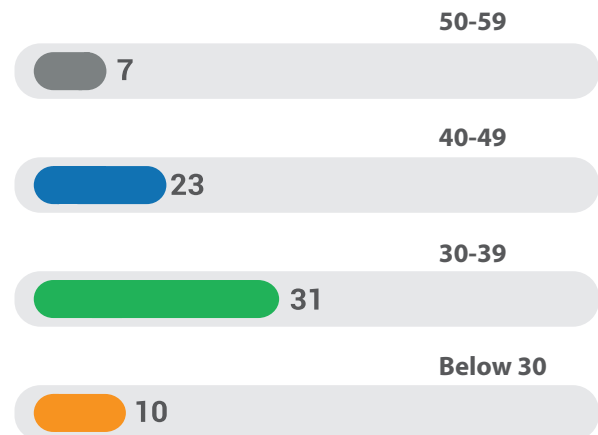
Distribution of employees by gender



Distribution of employees by educational qualification

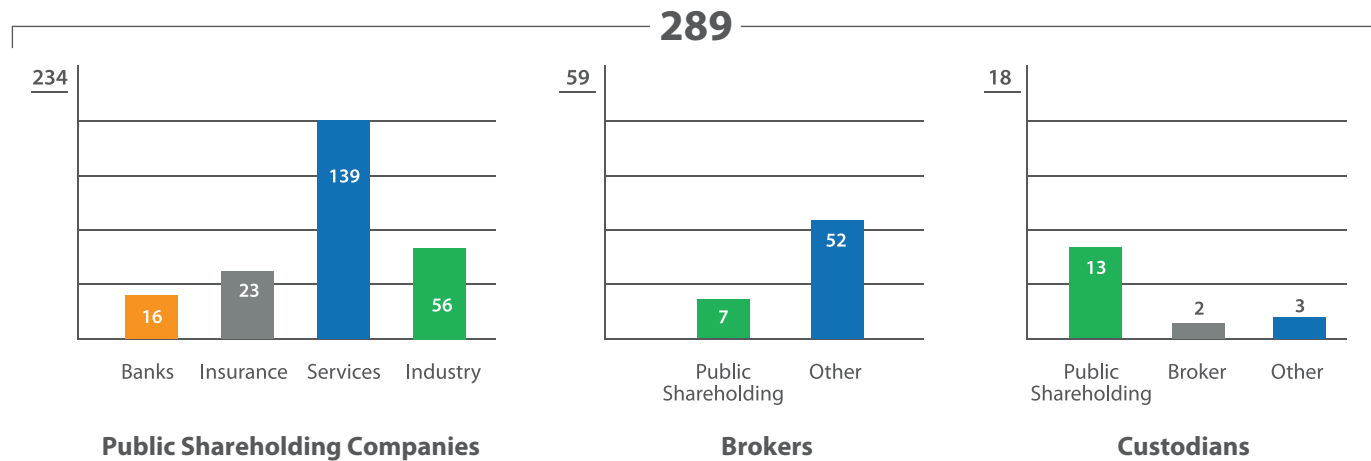


Distribution of employees by age group

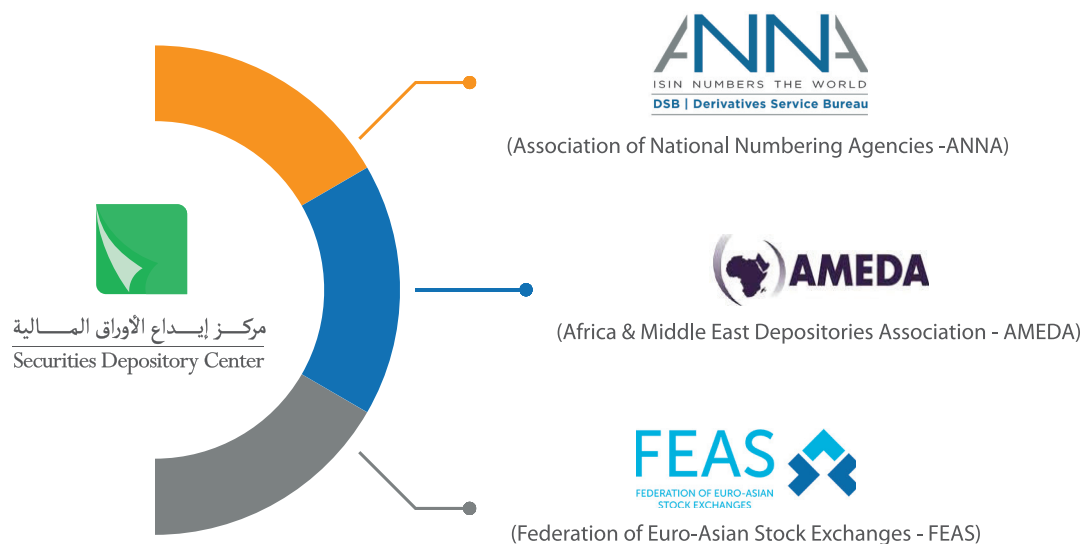


SDC's Members

The graphs show SDC's General Assembly Members as of 31/12/2020



SDC's Membership in the Regional and International Organizations



SDC Website (www.sdc.com.jo)

Based on the SDC continuous seeking in enhancing transparency and disclosure, the SDC also publishes all the information that matter to the investors through its website on the Internet (www.sdc.com.jo) as the following:



SDC's Accomplishments in 2020

The electronic voting system for the election of members of the SDC's Board of Directors (e - voting)

The twenty-second meeting of the Securities Depository Center's General Assembly was held on 10/5/2020 through the means of audio-visual communication via electronic means (ZOOM) to complete the elections for members of the Board of Directors through the electronic voting system (SDC e-Voting web portal) that was built and developed internally by the staff of the SDC, taking into account all the data security standards, accuracy, efficiency and high objectivity, which enabled the members of the SDC to vote on the membership of the SDC's board of directors easily and conveniently, as the meeting was held remotely and in this advanced technical method in implementation of defense orders issued in this regard through follow all preventive measures taken by the government to confront the emerging corona virus, including preventing public gatherings and meetings that may result in the further spread of the virus and endanger the health and lives of citizens.

Developing and setting-up the electronic connectivity systems to work remotely in light of the Corona pandemic

In light of the SDC's endeavor to address the Corona pandemic side by side with civil and governmental sector institutions alike, and in compliance with the defense orders, the SDC worked to equip and provide all the technical requirements and equipment necessary to ensure the work of its employees remotely and through the use of (IPsec VPN) technology, which allowed the employee the ability of using the SDC's electronic systems and running the SDC's business with ease and with the highest standards of control and security, in order to maintain the security and integrity of information and data.

In order to provide a stable and safe work environment for members of the SDC, and to ensure the continuity of work in light of the epidemic outbreak of Corona virus and to take preventive and precautionary measures to work in exceptional and emergency cases, companies who are members of the SDC have been allowed to work remotely using the (VPN) feature within the standards followed to maintain on the security and integrity of information and data.

Developing documents and archives management system

The SDC completed the project of developing a documents and archives management system, where it aims to shift from paper-based environment to the electronic environment in the field of managing and tracking the incoming and outgoing correspondences in addition to managing the memos, which will reduce time, effort, cost, and speed the completion of transactions and the ease of retrieval.

The SDC completed the preparation of the system and transferred all paper records to an electronic environment and worked on training supervisors to use it, and it was approved by the bureau department to archive all the incoming and outgoing transactions of the SDC.

Connecting with the Central Bank of Jordan through the VPN

To connect the (RTGS - Real Time Gross Settlement System) through (VPN - Virtual Private Network) to be a back-up line in case the SWIFT system breaks down, the Central Bank of Jordan approved (STP Adapter - Straight through Processing) in order to receive and send inter-bank transfer messages over the network (VPN), the SDC purchase STP Adapter which is provided by the CMA company, and the SDC completed the first phase of developing special software in cooperation with the Central Bank of Jordan to deal with STP Adapter. The adopted mechanism of messaging in the system is (SOAP Connectivity - Simple Object Access Protocol).

Developing and updating the SDC's electronic system "SCORPIO"®

The SDC continuously develop its electronic system (SCORPIO)® to keep up with the latest developments in the field of the SDC business and the requirements of the Jordanian capital market that contribute positively in saving time and efforts in performing operations and dealing with the system easily, therefore, the SDC upgraded a set of the mechanism and sub-systems which are the most prominent:

- Developing a mechanism in the issuers system to enable the public shareholding companies to download the ownership restrictions of their shareholders.
- Introducing a mechanism to update data of the Jordanian natural persons through direct connection with the Civil Status and Passport Department by the Web Service.

Opening a special service office for the SDC within unified services complex for government procedures which are introduced by Amman Palace of Justice

The SDC has opened its own service office within the unified services complex for government procedures which are introduced by Amman Palace of Justice, and was established by the Ministry of Justice based on government directives to facilitate and simplify government transactions procedures to ease for citizens and for the purpose of saving time and effort. The Center provides, within this phase, services to facilitate inquiries about the ownership of securities in the lawsuits filed before the courts and takes over the receipt of letters for placing and releasing liens.

Training

A number of employees participated in the several training courses related to total quality management, work planning and organization skills, effective communication, and empowering the new employee.

Local Delegations

The SDC received student delegation from the Jordanian Judicial Institute to had general view about the most prominent achievements and developments have achieved by the Jordan capital market through a presentation of the objectives, services they provide, and the legislation governing their work.

International Relations

Within the scope of international relations with all institutions and unions concerned with capital markets, including the Association of National Numbering Agencies (ANNA), the Federation of Euro-Asian Stock Exchange (FEAS) and the Africa & Middle East Depositories Association (AMEDA), and in light of the spread of the Corona pandemic and the adoption by global official institutions of video communication applications for purposes of remote meetings to limit the spread of the virus, the SDC participated in several meetings through the means of electronic visual communication (ZOOM), which allows participants to discuss, inquire and vote on all matters mentioned in the meeting agenda.

The SDC also held several meetings using applications, visual communication with many global custodians as part of the continuous market due diligence visits that are conducted on behalf of their clients from foreign investors to discuss issues regarding the capital market, the regulation in force, and any changes or plans for future development.

During the last year, the SDC continued executing the responsibilities assigned to it by virtue of the Securities Law, the SDC's by-laws and instructions that are issued pursuant to it, also continued its efforts for serving and developing the services specifically for its members and generally for investors and those who are interested in the Jordan Capital Market, following is a brief overview of the SDC's performance in 2020.

Registration of Securities

Securities are registered at the SDC pursuant to the Securities Law and the Instructions of Registration, Deposit and Settlement of Securities for the year 2017.

The table represents registered and redeemed government securities, corporate bonds, and Islamic Sukuk during the year 2020

Issuer Name	Registered		Redeemed	
	No. of Issues	Total Value (million JOD)	No. of Issues	Total Value (million JOD)
Government of the Hashemite Kingdom of Jordan	52	4669	40	2869
Jordan Trade Facilities	1	2.30	1	3
Jordan Mortgage Refinance	31	238.5	25	167
Bindar Trading & Investment	1	3	2	9.75

The SDC also executes the necessary changes to the registered securities and updates the shareholders' registers as a result of different corporate actions.

The SDC registered the increase shares for (6) public shareholding companies, with a total of (55) million shares, and the decrease the capital of (11) public shareholding companies, with a total of (42) million shares.

The table represents companies that increased their capital during the year 2020

Increase mechanism	Company name	Amount of increase	Capital before increase	%of increase	Capital after increase
Capitalization	Jordan Kuwait Bank	50,000,000	100,000,000	0.50	150,000,000
	The Consultant & Investment Group	1,055,000	18,945,000	0.06	20,000,000
	Siniora Food Industries	2,000,000	25,000,000	0.08	27,000,000
	Ad Dulayl Industrial Park & Real Estate	630,000	21,000,000	0.03	21,630,000
Private Subscription	Al-manara Insurance	600,000	5,000,000	0.12	5,600,000
	Al Safwa Insurance Public Limited Company	1,000,000	4,000,000	0.25	5,000,000
Total		55,285,000	173,945,000	0.32	229,230,000

Introduction	Major Events	SDC's Performance	Future Plan	Financial Statements
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The table represents companies that decreased their capital during the year 2020

Decrease mechanism	Company name	Amount of decrease	Capital before decrease	%of decrease	Capital after decrease
Redemption of losses	Specialized Jordanian Investments	1,440,000	4,500,000	0.32	3,060,000
	Sura Development & Investment	4,500,000	11,500,000	0.39	7,000,000
	Saba'ek Investment	2,000,000	8,000,000	0.25	6,000,000
	Almehanya For Real Estate Investments & Housing	74,675	35,200,000	0.00212	35,125,325
	National Oil Shale	2,500,000	5,000,000	0.50	2,500,000
	Assas For Concrete Products	4,880,000	12,000,000	0.41	7,120,000
	Jordan Wood Industries (jwico)	4,000,000	5,000,000	0.80	1,000,000
	Ubour Logistic Services	602,156	1,157,156	0.52	555,000
	Al-tajamouat For Touristic Projects	7,000,000	100,000,000	0.07	93,000,000
Excess cash distributed to the shareholders	Al-amin Investment	9,000,000	10,000,000	0.90	1,000,000
	National Portfolio Securities	2,400,000	6,000,000	0.40	3,600,000
	Specialized Jordanian Investments	1,620,000	3,060,000	0.53	1,440,000
	Almehanya For Real Estate Investments & Housing	1,685,325	35,125,325	0.05	33,440,000
Total		41,702,156	236,542,481	0.18	194,840,325

During 2020, the SDC terminated the membership of (2) public shareholding companies. Thus, the total number of public shareholding companies were (234) companies. The total number of shares issued by these companies was (7.5) billion shares with a total value of (JOD 13.4) billion. The SDC has also terminated the membership of (1) brokerage company, so that the number of members of the SDC from brokerage firms until the end of the year 2020 is (59) companies.

The table represents the name of the public shareholding companies that are terminated its membership at the SDC during 2020

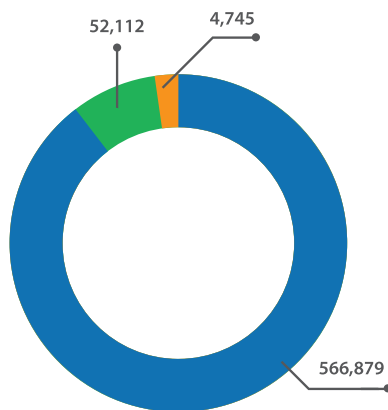
#	Type of member	Name of member	The reason of membership termination at the SDC
1	Public shareholding companies	Al-amin Investment	Voluntary Liquidation
2	Public shareholding companies	Ittihad Schools	Transformation of legal form to the limited liability company
3	Broker	Amman Investment and Securities	Voluntary Liquidation

Investor Identification and Account Set-Up

During the year 2020, the SDC defined (7,907) investors, the total number of investors identified on the SDC's database was (631,226) investors, of which (571,413) Jordanians, (52,876) Arabs and (6,937) foreign.

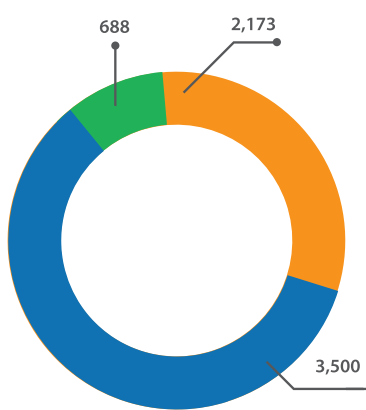
The graph represents identified investors on the SDC's database at the end 2020 according to the nationality classification

Individual investors by nationality classification



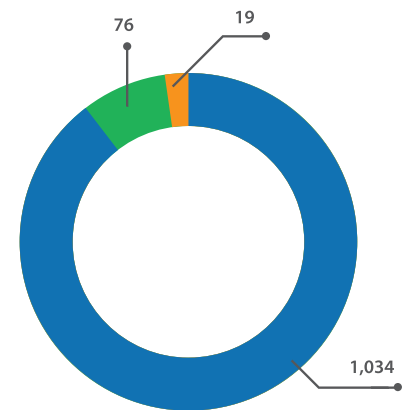
Jordanians Arab Foreign

Juridical investors by nationality classification



Jordanians Arab Foreign

Joint investors by nationality classification



Jordanians Arab Foreign

Depositing Securities

The number of registers of securities deposited at the SDC was (303) registers as of 31/12/2020 of which (234) shares, (1) Subscription Right (64) bonds and (4) Islamic Sukuk.

The table represents an analysis of registered ownership as of 31/12/2020

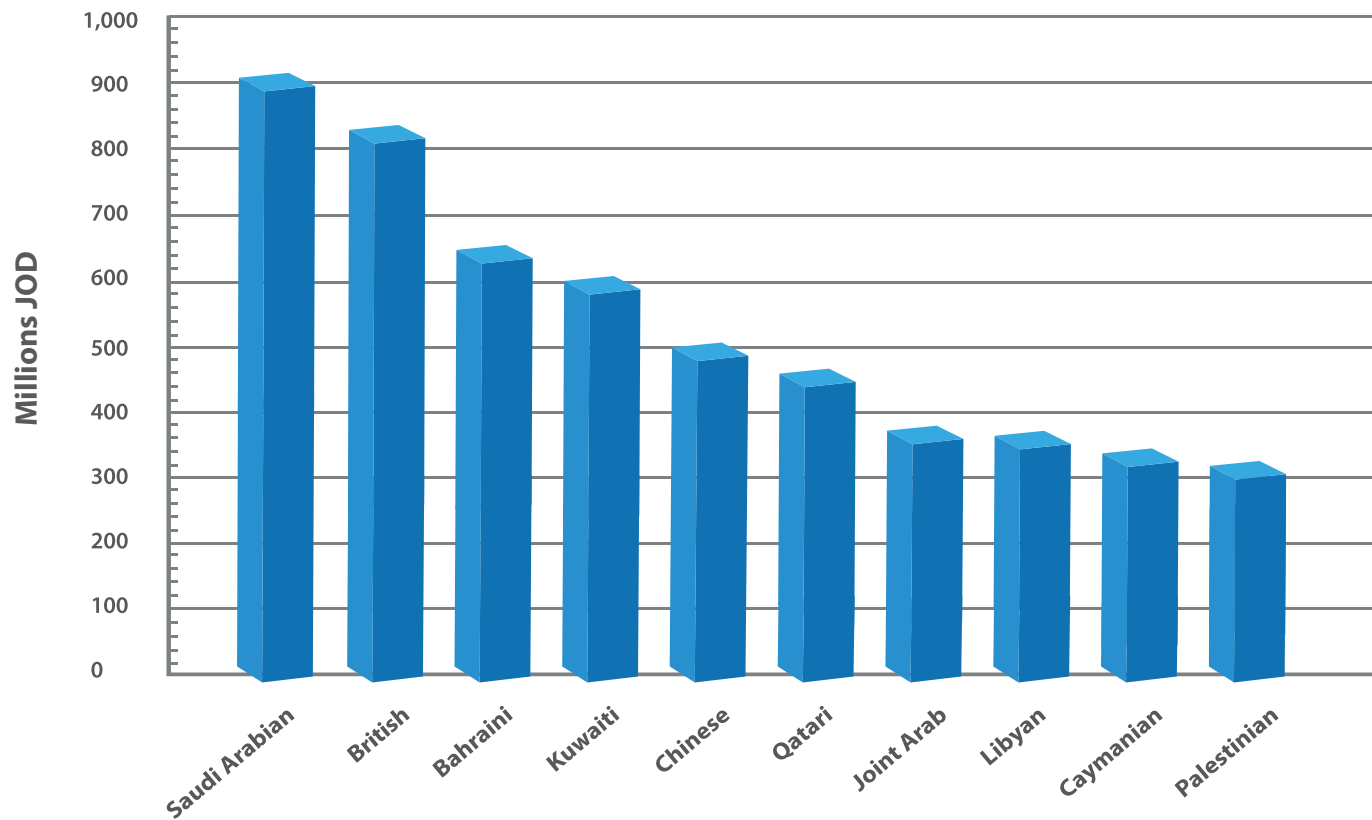
Status	Deposited	Non-deposited	Deposit %	Total
No. Owners	549,794	82,311	86.98	632,105
No. Securities	7,437,424,067	41,253,947	99.45	7,478,678,014
Total Value	14,301,533,493.12	102,534,098.55	99.29	14,404,067,591.67

The table represents an analysis of deposited ownership as of 31/12/2020

Investor Type	Investor Category	Ownerships		Investors		Securities		Total Value	
		No.	%	No.	%	No.	%	Amount in JOD	%
Natural	Males	315,438	57.374	149,443	54.993	2,194,688,431	29.509	2,681,216,995.94	18.748
	Females	229,399	41.725	120,470	44.331	580,030,316	7.798	897,267,277.22	6.274
	Total	544,837	99.099	269,913	99.324	2,774,718,747	37.307	3,578,484,273.16	25.022
Juridical	Companies	3,828	0.696	1,392	0.512	3,848,024,638	51.739	8,371,804,762.39	58.538
	Mutual Funds	439	0.080	99	0.036	66,553,311	0.895	134,603,157.80	0.941
	Institutions	222	0.040	40	0.015	620,952,331	8.349	1,618,684,110.27	11.318
	Governments	63	0.011	12	0.004	75,480,327	1.015	418,931,193.93	2.929
	Organizations	157	0.029	77	0.028	37,663,072	0.506	148,442,744.00	1.038
	Municipalities	31	0.006	29	0.011	6,423,859	0.086	22,791,584.83	0.159
	Waqf	9	0.002	6	0.002	309,281	0.004	1,178,276.80	0.008
	Associations	11	0.002	4	0.001	511,772	0.007	1,281,018.39	0.009
	Religious Sects	9	0.002	5	0.002	6,511,607	0.088	4,719,659.06	0.033
	Total	4,769	0.867	1,664	0.611	4,662,430,198	62.689	10,722,436,507.47	74.974
Joint	Joint	188	0.034	172	0.065	275,122	0.004	612,712.49	0.004
Deposited Grand Total		549,794	100	271,749	100	7,437,424,067	100	14,301,533,493.12	100

Ownership of the ten highest nationalities

The value of ownership for the top ten nationalities in the Jordanian capital market as of 31/12/2020 is approximately (7) billion shares, with a total value of (JOD 12) billion, in which the ownership of Jordanians recorded the first rank of approximately (5) billion shares with a total value of approximately (JOD 8) billion, and the chart below shows the details of the ranks of these nationalities according to the highest ownership in terms of total value after the ownership of Jordanians:



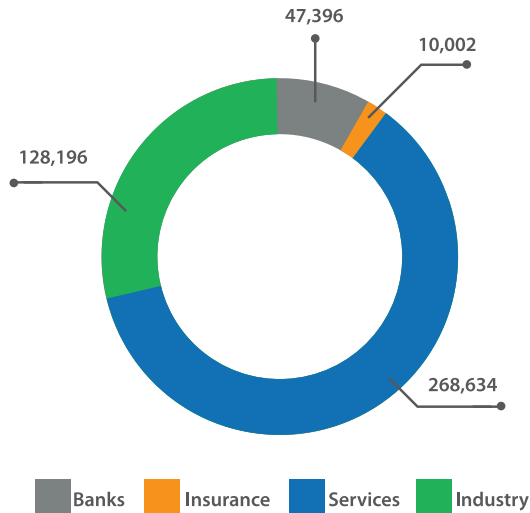
Balance Queries

During the year 2020, the SDC issued (2,633) ownership notices in securities ownership notices that show their ownership balance in securities between different accounts for a specific date, in addition to issuing (399) an accounts statements that show all transactions executed on his securities during a period of time.

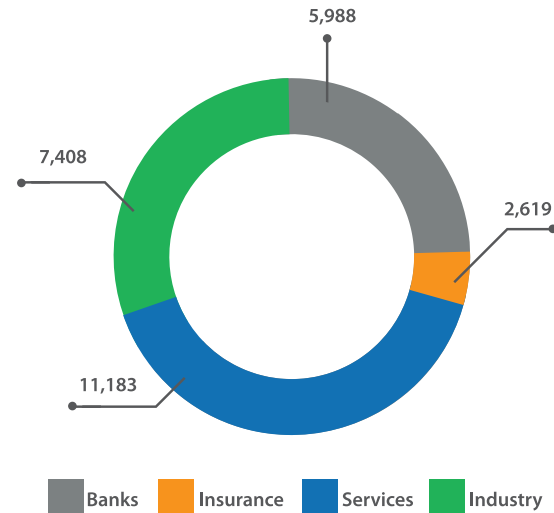
Clearing and Settlement

The SDC applied clearing and settlement measures for trading contracts executed at the ASE on the basis of Delivery versus Payment (DvP) where delivery of sold securities is against payment of funds. The number of electronic trading contracts that has been subjected to electronic clearing and settlement operations during the year 2020 were (451,619) contracts where (1.3) billion shares were transferred with a value of (1 JOD) billion. Also, the total amounts received and paid through the settlement account of the SDC at the Central Bank of Jordan (CBJ) were (JOD 243) million. Financial settlements between brokers and custodians are conducted through the SDC by money transfers from the brokers' and custodians' accounts to SDC Settlement Account at the Settlement Bank. Consequently, the SDC transfers those funds to the brokers and custodians who should receive funds. The Central Bank of Jordan was chosen as the Settlement Bank. The SDC has joined the Society for Worldwide Interbank Financial Telecommunication (SWIFT), thus, the SDC has become a direct member for Real Time Gross Settlement System (RTGS-JO).

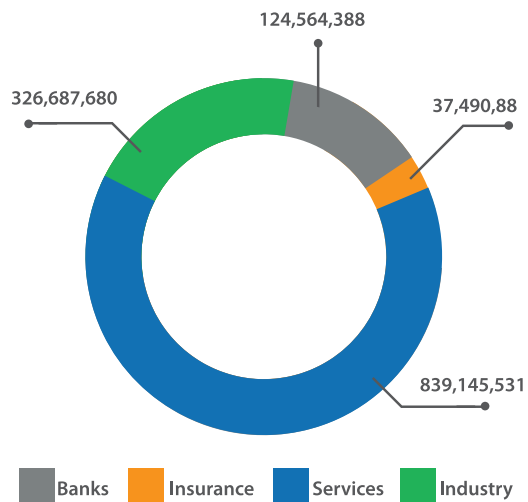
The Number of Executed Contracts Classified by Sector in 2020



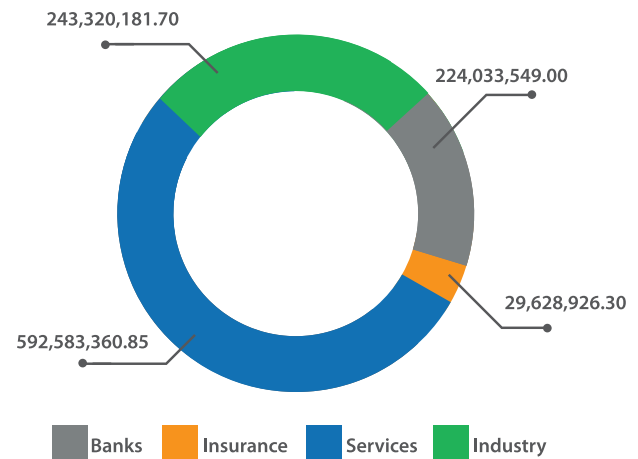
The Number of Investors Classified by Sector in 2020



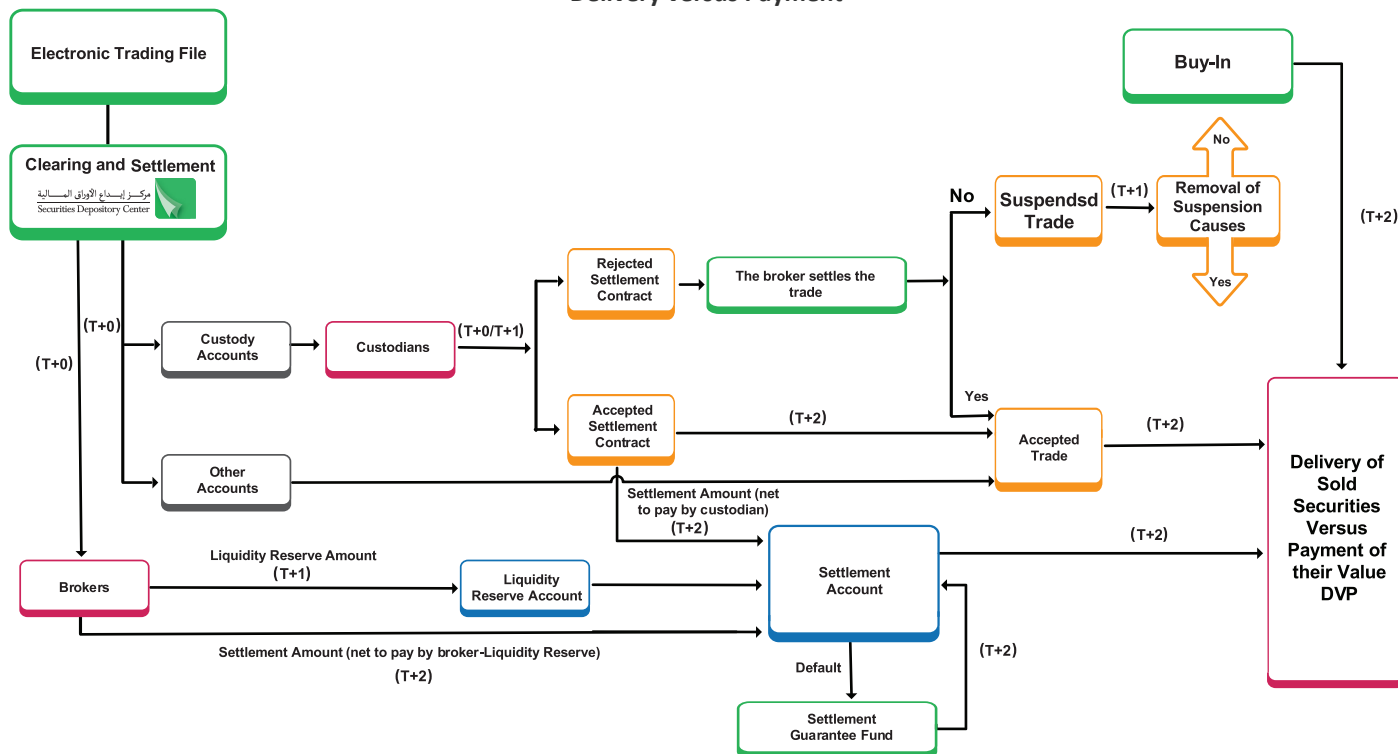
The Number of Traded Securities Classified by Sector in 2020



The Total Value of Executed Contracts Classified by Sector in 2020



Delivery versus Payment



The table represents settlements transactions in 2020

Description	2020
Amounts Received	243,215,330.79
1 Liquidity Reserve (T+1)	84,079,694.05
2 Settlement Amount (T+2)	159,135,636.74
Amounts Paid	243,215,330.79
1 Settlement Payments (T+2)	242,337,835.22
2 Suspended Contracts (T+4)	877,495.57

Settlement Guarantee Fund

The Settlement Guarantee Fund was established by virtue of Article (88) of the Securities Law No. (18) of 2017. Its objectives include:

1. Covering the cash deficit of a fund member in connection with his purchases of securities.
2. Covering the deficits in the securities account of a fund member in connection with his sales of securities in the market.

The Settlement Guarantee Fund (SGF) has a legal personality with a financial autonomy and is managed by the SDC's Board of Directors and the Chief Executive Officer. Its members include financial brokers and custodians.

The contributions of the financial brokers (59) brokers of the Fund are divided into cash contributions and bank guarantees. The contributions are calculated based on specific formulas and are periodically re-calculated.

The following table outlines the Settlement Guarantee Fund contributions provided by financial brokers as of 31/12/2020:

Payment Orders	5,053,000.00
Cash Contributions	2,265,000.00
Total	7,318,000.00

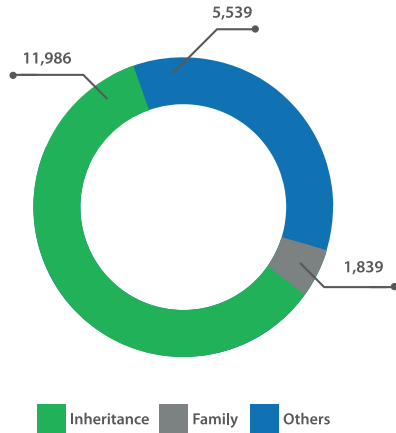
Whereas the custodians of banks (14) custodians provided the SDC with standing instructions upon agreement with the Central Bank of Jordan (CBJ) to transfer the defaulted amount from their accounts with CBJ to the SDC upon the request of the SDC, while non-bank custodians provided bank guarantees to the SDC with a value of JOD 300,000.

Transfers Exempted from Trading

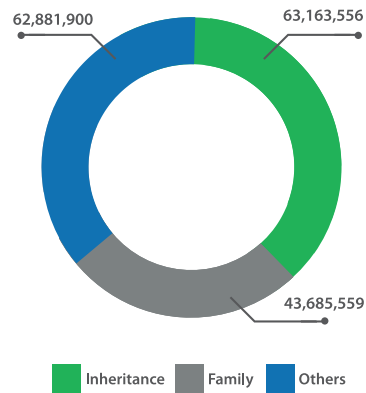
The SDC continues completing inheritance transfers through the transfers of ownerships of securities registered in the name of deceased to his lawful inheritors, the SDC conducts the family transfers of the ownership of registered securities between ascendants and descendants and between siblings or between half-siblings and between spouses. In addition to carrying out transfers of ownership of non-traded securities and other transfers.

The graph showing the transactions excluded from trading completed by the SDC in 2020

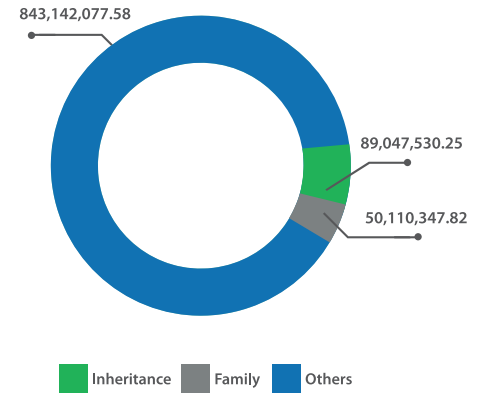
The Number of Contracts Exempted from Trading in 2020



The Number of Securities Exempted from Trading in 2020



The Total Value of Transactions Exempted from Trading in 2020



Ownership Restrictions

The SDC, is the authorized entity, placed and released lien restrictions on deposited securities based on the decisions issued by the official competent authorities.

As well as, the SDC is the only authorized entity, to place and release pledge on the deposited securities based on the pledge applications that are duly submitted by pledger and pledgee.

Also, the SDC provides the service of freezing securities where the investors can freeze their shares in the SDC's central registry; thus, preventing any SDC member from disposal of the securities in any form.

The table represents ownership restrictions executed on deposited securities during 2020

Transaction Type	Description	2020
Pledge	No. of Transactions	54
	No. of Securities	76,966,224
Release of Pledge	No. of Transactions	1,004
	No. of Securities	43,874,804
Lien	No. of Transactions	5,215
	No. of Securities	231,070,949
Release of Lien	No. of Transactions	4,769
	No. of Securities	233,229,236
Freeze	No. of Transactions	11
	No. of Securities	7,596,285
Unfreeze	No. of Transactions	3
	No. of Securities	2,077,317

Cash dividend Service

In order to improve the level of services provided to investors in Jordanian securities, the SDC will seek to distribute the cash dividends prescribed by public shareholding companies to shareholders in accordance with international best practices, where this service will enable investors to view all data related to the profits owed to them by public shareholding companies and provide full protection to them and help in reducing the delay process, which will contribute to increasing liquidity and stimulating the financial market.

Developing the SDC's website

Based on the SDC's belief in the importance of supporting the principle of transparency and disclosure in the Jordanian capital market, and the need to keep pace with technological developments to secure the needs and aspirations of securities dealers and researchers in this field, and from its keenness to achieve effective communication with all parties, the SDC will improve the performance and efficiency of its website by adopting a new design for the website that complies with international technical standards for websites, which enables the navigation of the data and information that the SDC publishes easily and conveniently, through all the means used, whether it is computers, tablets or smart phones, in a modern and stylish display.

Transferring the ownership's registers of the Government bonds to the SDC

In cooperation with the Central Bank of Jordan, the SDC will continue to take all the necessary measures to transfer the ownership's registers of the Government bonds to the SDC.

Settlements of Block Trades

The SDC will develop a mechanism to carry out financial settlements for all block trades executed in the market, to ensure the rights of all parties, unless the two selling and buying brokers agreed prior to execution to settle the block trade directly between them without the intervention of the SDC where the SDC's role is currently limited to transfer the ownership on the settlement day (T+2).

Developing and updating a comprehensive Business Continuity and Disaster Recovery Plan

To complete the SDC's measures of risk management, the SDC will develop a comprehensive emergency plan in order to guarantee the continuity of operations in all circumstances according to the international standards and best practices. Also, the plan includes analysis of risks and potential problems to establish a preventive strategy to avoid risks and crisis and to cope with it in case of happening.

Developing and introducing new services

The SDC seeks to provide a range of services in accordance with international standards and best practices through application of the mechanism of lending and borrowing and short selling, and the completion of the project of the depository receipts for securities in cooperation with Jordan Securities Commission (JSC) and Amman Stock Exchange (ASE).

Expanding subscribers base in the electronic lien system

Later to providing Income & Sales Tax Department and Social Security Corporation with the electronic lien system, the SDC is seeking to provide this system to other parties impose lien such as the Jordanian Ministry of Justice, the Water Authority, and Jordan Customs department.

Direct link between the electronic SDC systems and the internal SDC members systems through Web Services technology

The SDC will develop a mechanism in which the data of its members including the financial brokers will be updated from the SCORPIO system to the brokers systems (Back Office) using the Web Service technology, which ensures the integrity of data transmission without the direct intervention of the broker in this process.

Developing the infrastructure for the SDC's electronic systems and networks

The SDC will develop its infrastructure for its systems to improve performance and ensure the stability and continuity of the services provided by the SDC to its members through the implementation of a set of projects, including: updating the mechanisms of connecting the SDC's members with the electronic system SCORPIO® system, raising the efficiency of the electrical network for the main server rooms and updating the main servers and storage units.

Developing the SDC system of sending SMS messages to the investor

In light of the SDC's endeavor to develop its electronic services and later on launching the text message service (SMS) via mobile phones for investors, which enables investors to follow up on the trading operations executed on their accounts from selling and / or buying securities at the Amman Stock Exchange, the SDC will work to develop the service and expand its base so that investors can follow all transactions that are made on their accounts from transfers, corporate actions, ownership restrictions, and others.

Securities Depository Center

Legal entity with financial and administrative independence
Amman-The Hashemite Kingdom of Jordan

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Independent auditor's report

Securities Depository Center

Legal Entity with Financial and Administrative Independence

Amman - The Hashemite Kingdom of Jordan

Opinion

We have audited the financial statements of Securities Depository Center (Legal entity with financial and administrative independence), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenses, changes in reserves and cash flows for the year then ended, and notes to the financial statements comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the financial position of the Center as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Center in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

- Note (1) of the financial statement refer to the declaration by the Prime Minister of his intention to cancel the Securities Depository Center while maintaining continuity of its functions without compromising the right of dealers by transferring the functions of the center to the Securities Commission and Amman Stock Exchange, and based on the prime ministry letter issued on March 25, 2020, the Higher Ministerial Committee for the restructuring of the government has recommended that The Securities Depository Center be maintained as an independent institution, provided that the number of the Center's Board of Directors should be reduced from 7 to 5 members. Based on that the bylaws of the Securities Depository Center was amended according to decision no. (111/2020) of the Board of commissioners of Security Exchange Commission dated on July 16, 2020 to become effective on August 6, 2020, so the Center is administered by a Board of five members.

- A contract for the sale and development of the Irbid development site was signed and it was recorded in the books as payments for the purchase of Irbid development land in the amount of JD 323,250 on December 30, 2009, but the counterparty, the North Development Company, has not until the date of preparing these financial statements transferred the ownership of the land in the name of the Securities Depository Center. On the basis of the decision of the Center's Board of Directors No. (01/2019) at its meeting held on January 20, 2019, it was decided to terminate the sale and development contract signed with the North Development Company and to restore the Center's resulting in the amount paid for the plot of land. On July 17, 2019, Board of Directors Decision No. (36/2019) deferred the decision on the North Development Company's application for continuation of the sale and development contract until the NDC had submitted and examined a draft annex for that contract and considered the terms and conditions of the contract in order to make the appropriate decision based on the decision of the Center's Board of Directors in its meeting held on June 30, 2020, it was decided to apologize to the North Development Company for signing the sale and development annex, to terminate the sale and development contract with NDC, and recover the price of the plot of land.
- We would like to draw your attention to note no.(9) of the financial statements, among the item of property and equipment there is a land and a building with a cost of JD 1,786,777, which represents the 25% share of the Securities Depository Center in the ownership of a joint building comprising the Jordan Security Commission, Amman Stock Exchange and the Security Depository Center, the building and the land in which the building is located are registered in the name of the Jordan Security Commission.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Center ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Center or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Center's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Center's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Center to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Center has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these financial statements by the general assembly.

Talal Abu-Ghazaleh & Co. International
Mohammad Al-Azraq
(License No. 1000)
Amman on, March 23, 2021

Securities Depository Center

Legal entity with financial and administrative independence

Amman-The Hashemite Kingdom of Jordan

Statement of financial position as at December 31, 2020

	Notes	2020	2019
		JD	JD
ASSETS			
Current Assets			
Cash and cash equivalents	3	7,207,550	6,865,052
Accounts receivable and other debit balances	4	145,906	153,013
Related parties receivable	5	431	-
Total Current Assets		7,353,887	7,018,065
Non-current Assets			
Center's employees housing fund	6	2,658,177	2,658,177
Intangible assets	7	94	94
Payments on project under construction		202	202
Payments on the purchase of Irbid land	8	323,250	323,250
Property and equipment	9	315,589	472,466
Total Non-current Assets		3,297,312	3,454,189
TOTAL ASSETS		10,651,199	10,472,254
LIABILITIES AND RESERVES			
Current Liabilities			
Other credit balances	10	1,448,368	1,249,171
Related party payable	5	-	12,136
Deferred revenues - current portion		602	81
Total Liabilities		1,448,970	1,261,388
Reserves			
General reserves		464,405	508,059
In exchange for property and equipment (Capital)		5,756,397	5,721,380
In exchange for payments on the purchase of Irbid land		323,250	323,250
In exchange for the Center's employees housing fund debt		2,658,177	2,658,177
Total Reserves		9,202,229	9,210,866
TOTAL LIABILITIES AND RESERVES		10,651,199	10,472,254

The accompanying notes form part of these financial statements

Securities Depository Center

Legal entity with financial and administrative independence

Amman-The Hashemite Kingdom of Jordan

Statement of revenues and expenses for the year ended December 31, 2020

	Notes	2020	2019
Revenues		JD	JD
Securities ownership transfer commission	11	3,466,961	1,540,726
Membership, subscriptions, registration of bonds and corporate bonds fees	12	1,644,891	1,670,130
Charges, fees and fines	13	27,960	35,047
Other revenues, net	14	93,904	38,510
Total revenues		5,233,716	3,284,413
Administrative expenses	15	(2,099,760)	(2,324,835)
Future liabilities and tender expenses		(155,429)	(354,507)
Surplus		2,978,527	605,071

The accompanying notes form part of these financial statements

Securities Depository Center

Legal entity with financial and administrative independence

Amman-The Hashemite Kingdom of Jordan

Statement of changes in reserves for the year ended December 31, 2020

	General reserve	In exchange for property and equipment (Capital)	In exchange for payments on the purchase of Irbid land	In exchange for the Center's employees housing fund	Total
	JD	JD	JD	JD	JD
Balance as at January 1, 2019	272,493	5,700,860	323,250	2,658,177	8,954,780
Transferred from future liabilities and tenders reserve	178,507	30,800	-	-	209,307
Transferred from accrued subscriptions	14,200	-	-	-	14,200
Transferred from in exchange for property and equipment to general reserve (Capital)	10,280	(10,280)	-	-	-
Transferred to Ministry of Finance	(572,492)	-	-	-	(572,492)
Surplus	605,071	-	-	-	605,071
Balance as at December 31, 2019	508,059	5,721,380	323,250	2,658,177	9,210,866
Transferred from future liabilities and tenders reserve	-	20,895	-	-	20,895
Transferred from general reserve to in exchange for property and equipment	(14,122)	14,122	-	-	-
Transferred to Ministry of Finance	(3,008,059)	-	-	-	(3,008,059)
Surplus	2,978,527	-	-	-	2,978,527
Balance as at December 31, 2020	464,405	5,756,397	323,250	2,658,177	9,202,229

Securities Depository Center

Legal entity with financial and administrative independence

Amman-The Hashemite Kingdom of Jordan

Statement of cash flows for the year ended December 31, 2020

	2020	2019
	JD	JD
Cash Flows From Operating Activities		
Surplus	2,978,527	605,071
Adjustments for:		
Depreciation	191,894	272,696
Amortization	-	1,506
Gains on sale of property and equipment	-	(1,189)
Expected credit losses on brokers and members receivables	147,002	177,520
Recovery of provisions	(61,827)	(10,189)
Future liabilities and tender expenses	155,429	354,507
Changes in operating assets and liabilities:		
Jordan National Financial Center	-	3,110
Related parties receivable	(431)	-
Accounts receivable and other debit balances	(78,068)	(247,771)
Other credit balances	64,663	(27,574)
Related party payable	(12,136)	12,136
Net cash from operating activities	3,385,053	1,139,823
Cash Flows From Investing Activities		
Purchase of property and equipment	(35,017)	(36,293)
Proceed from sale of property and equipment	-	1,280
Net cash from investing activities	(35,017)	(35,013)
Cash Flows From Financing Activities		
Deferred revenues	521	-
Transferred to Ministry of Finance	(3,008,059)	(572,492)
Net cash from financing activities	(3,007,538)	(572,492)
Net change in cash and cash equivalents	342,498	532,318
Cash and cash equivalents - beginning of year	6,865,052	6,332,734
Cash and cash equivalents - end of year	7,207,550	6,865,052
Information about non-cash transaction		
Transferred from tender and future liabilities to property and equipment (Capital)	20,895	30,800
Transferred from property and equipment (Capital) to general reserve	14,122	10,280
Transferred from tender and future liabilities provision to general reserve	-	178,507
Transferred from accrued subscriptions to general reserve	-	14,200

The accompanying notes form part of these financial statements

Securities Depository Center

Legal entity with financial and administrative independence

Amman-The Hashemite Kingdom of Jordan

Notes to the Financial Statements for the year ended December 31, 2020

1. Legal status and activities

- The SDC was established on May 15, 1999 as a legal entity with financial and administrative independence by virtue of the provisional securities law No (23) for the year 1997 which was amended by virtue of the provisional securities law No (76) For the year 2002.
- The Prime Minister announced at the press conference held on 18 November 2019 as part of the second executive package of the government's economic program the cancellation of the Securities Depository Center and the transfer of its functions between the Securities Commission and the ASE, and subsequently the explanatory declaration was issued on November 19, 2019. The Securities Commission in coordination with the Prime Minister and addressed to the public of investors and traders of Jordanian securities, Jordanian and foreign, which included the confirmation that this decision will not affect the rights, ownership and investments of the dealers in securities, and that it represents a "restructuring" of the Center. "As an independent government unit" with the continuation of his duties according to the recommendations that will be issued by the specialized technical committee that will be formed for this purpose, which will ensure compliance with the international standards and adopted international practices with regard to the tasks and work of the Center, and based on the prime ministry letter issued on March 25, 2020, the Higher Ministerial Committee for the restructuring of the governmental apparatus recommended that. The Securities Depository Center shall be an independent institution, provided that the number of the Center's Board of Directors is reduced from 7 to 5 members, and based on that the bylaw of the Securities Depository Center has been amended by virtue of the Securities Commission Board of Commissioners Decision No. (111/2020) dated July 16, 2020 to become effective from August 6, 2020, so that the Center is managed by a board of directors consisting of five members.
- The SDC is nonprofit and aims to support the investors trust in securities, and follow up their investments easily, and limit the risks related to settling of dealing process in the market.
- The SDC's Board of Directors approved the financial statements in its session held on March 22, 2021.

2. Basis for preparation of financial statements and significant accountant policies

2-1 Basis for financial statement preparation

- **Financial statements preparation framework**

The financial statements have been prepared in accordance with International Financial Reporting Standards, issued by International Accounting Standard Board.

- **Measurement bases used in preparing the financial statements**

The financial statements have been prepared on the historical cost basis except for measurement of certain items at bases other than historical cost.

- **Functional and presentation currency**

The financial statements have been presented in Jordanian Dinar (JD) which is the functional currency of the entity.

2-2 Using of estimates

- When preparing of financial statements, management uses judgments, assessments and assumptions that affect applying the accounting policies and currying amounts of assets, liabilities, revenue and expenses. Actual result may differ from these estimates.
- Change in estimates are reviewed on a constant basis and shall be recognized in the period of the change, and future periods if the change affects them.
- For example, estimates may be required for expected credit losses, inventory obsolescence, useful lives of depreciable assets, provisions, and any legal cases against the entity.

2-3 Standards and Interpretations issued that became effective

Standard number or interpretation	Description	Effective date
Amendments to IAS (1) and IAS (8) Defining material	<p>Amendments provide a new definition states that, ' information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.</p> <p>The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.</p>	January 1, 2020
Amendments to IFRS (3) Definition of works	The amendments clarifies that businesses are considered business if they contain at least substantive inputs and process that contribute significantly to the ability to create outputs, and that businesses can exist without the need for output.	January 1, 2020
Conceptual framework for the financial report (modified)	The conceptual framework contains definitions for which all requirements of international financial reporting standards are based (definition of asset, liability, income, expenditure, objectives of general purpose financial statements...). The modified framework improves these definitions.	January 1, 2020
Amendments to IFRS (16) Related rent concessions COVID-19	<p>The International Financial Report Standard (16) has been amended to address rent concessions resulting from the COVID-19 epidemic, which meet the following characteristics:</p> <p>A. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;</p> <p>B. The reduction in lease payment that affects only payments originally due on or before June 30, 2021.</p> <p>C. There is no substantive change to the other terms and conditions of the lease.</p>	June 1, 2020

2-3 Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
Amendments to IFRS (9) Improvements to IFRS Standards 2018-2020	The amendments clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability.	January 1, 2022 or after
IFRS (17) Insurance Contracts	IFRS (17) replaces IFRS (4), which requires measuring insurance liabilities at the present value of the consideration and provides a more consistent approach to measurement and presentation of all insurance contracts.	January 1, 2023 or after
Amendments to IAS (1) Presentation of Financial Statements	Amendment related to the classification of Liabilities as Current or Non-current.	January 1, 2023 or after
Amendments to IAS (16) Property, Plant and Equipment	The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022 or after
Amendments to IAS (37) Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	January 1, 2022 or after

2-4 Summary of significant accounting policies

Financial instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

- A financial asset is any asset that is:
 - (a) Cash;
 - (b) An equity instrument of another entity;
 - (c) A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
 - (d) A contract that will or may be settled in the entity's own equity instruments.

Financial liabilities

- A financial liability is any liability that is:
 - (a) A contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
 - (b) A contract that will or may be settled in the entity's own equity instruments.
- Financial liabilities are initially recognized at fair value less transaction costs, directly attributable to the acquisition or issue of those liabilities, except for the financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.
- After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss which are measured at fair value and other determined financial liabilities which are not measured under amortized cost method.
- Financial liabilities at fair value through profit or loss are stated at fair value, with any resulting gain or loss from change in fair value is recognized through profit or loss.

Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

Offsetting financial instruments

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends either to settle in a net basis, or through realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash comprises cash on hand, current accounts and short term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

Trade receivables

- Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Trade receivables are stated at invoices (claims) amount net of allowance for expected credit losses which represents the collective impairment of receivables.

Related parties

- Transactions with related parties represent transfer of resources, services, or obligations between related parties.
- Terms and conditions relating to related party transactions are approved by management.

Intangible assets

- Intangible assets are identifiable non-monetary assets without physical substance.
- Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses.
- Acquisition costs comprise the purchase price and other costs directly attributable to preparing the assets for their intended use. Intangible asset acquired through business combination is recognized at its cost, being its fair value at the acquisition date, separately from goodwill.
- Amortization charge is recognized as loss, on a straight-line basis over the following useful lives of intangible assets:

Category	Amortization rate %
Software	50

- The estimated useful lives are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.
- The carrying values of intangible assets are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairment loss is calculated in accordance with impairment of assets policy.

Property and equipment

- Property and equipment are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.
- After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Land is not depreciated.
- The depreciation charge for each period is an expense. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed over the estimated useful life of the assets using the following rates:

Category	Depreciation rate %
Computers	35
Building	5
Office equipment	20
Vehicles	15
Furniture	20

- The estimated useful lives are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.
- The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with impairment of assets policy.
- On the subsequent de recognition (sale or retirement) of the property and equipment, the resulting gain or loss, being the difference between the net disposal proceed, if any, and the carrying amount, is included in profit or loss.

Impairment of non-financial assets

- At each statement of financial position date, management reviews the carrying amounts of its non-financial assets (property, plant and equipment and investment property) to determine whether there is any indication that those assets have been impaired.
- If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset.
- For the purpose of impairment valuation, assets are grouped at the lower level that have cash flow independently (cash generating unit), previous impairment for non-financial assets (excluding goodwill) is reviewed for the possibility of reversal at the date of the financial statements.
- An impairment loss is recognized immediately as loss.
- Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately as income.

Provisions

- Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.
- Provisions reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income.
- If the entity expected to be reimbursed for a part or full provision, the reimbursement shall be recognized within assets, when it is virtually certain and its value can be measured reliably.
- In the statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for reimbursement.
- Where the effect of the time value of money is material, provisions are discounted by using a currently pre-tax discount rate that reflect the risks specific to the liability, when using discount any increase in provision is recognized as a financial cost over time.

General reserve

According to the bylaws of the Securities Depository Center for the year 2017 and issued based on the provisions of Article (76) of the Securities Law No. (18) for the year 2017, the Center maintains a general reserve to record the net annual surplus of the center for each fiscal year.

Revenue recognition

- The entity recognize revenue from sale of good and rendering of service when control is transferred to the customer.
- Revenues are recognized based on consideration specified in contract with customer that expected to be received excluding amounts collected on behalf of third parties.
- Revenue is recognized when executing trading contracts for customers.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Grants

- Unrestricted grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in profit or loss in the period in which they become receivable.
- Restricted grants are recognized as income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.
- Grants whose primary condition is that the entity should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit and loss on a systematic and rational basis over the useful lives of the related assets.
- Government loans and other subsidies at a below – market rate of interest is treated as a government grant.

Definition of a lease (lessee)

The entity assesses at the commencement date of the lease agreement whether the contract is a lease or includes a lease agreement. And if the contract is in whole or in part transfer the right to control the use of a specific asset from one party to another for a specified period of time in exchange for a consideration, the entity recognizes the right-of- use assets and lease liability with the exception of low value and for short term leases (i.e. those with a lease term of 12 months or less) in which the entity recognizes the lease payments as operating expenses on either a straight-line basis over the lease term or another systematic basis is more representative of the time period to depreciate the economic benefits of the leased assets.

3. Cash and cash equivalents

	2020	2019
	JD	JD
Current account at Central Bank	7,207,550	6,862,574
Current accounts at bank	-	2,251
Cash on hand	-	227
Total	7,207,550	6,865,052

4. Accounts receivable and other debit balances

	2020	2019
	JD	JD
Brokers and members receivables	990,139	904,964
Less: allowance for expected credit losses on brokers and members receivable (*)	(990,139)	(904,964)
Net brokers and members receivables	-	-
Prepaid expenses	68,336	72,041
Prepayments to suppliers	49,160	65,081
Checks under collection	18,000	5,284
Accrued revenues	7,604	5,260
Refundable deposits	2,132	2,132
Work advances	662	2,925
Other receivables	12	290
Total	145,906	153,013

(*) Movement of allowance for expected credit losses on brokers and members receivables during the year was as follows:

	2020	2019
	JD	JD
Beginning of year balance	904,964	737,633
Provided during the year	147,002	177,520
Recovery of allowance for brokers and members receivables	(61,827)	(10,189)
End of year balance	990,139	904,964

5. Related parties

a. The related parties receivable item consists of the following:

	2020	2019
	JD	JD
Jordan Securities Commission	282	-
Amman Stock Exchange	149	-
Balance - end of year	431	-

b. The related party payable represents Jordan Securities Commission.

6. Center's employees housing fund

The center's employee housing fund for Securities Depository was established by a decree of the Board of Commissioners on April 24, 2007.

7. Intangible assets

2020	Computer softwares
Cost	JD
Balance - beginning of year	877,103
Balance - end of year	877,103
Accumulated amortization	
Balance - beginning of year	877,009
Balance - end of year	877,009
Net	94
2019	
Cost	
Balance - beginning of year	877,103
Balance - end of year	877,103
Accumulated amortization	
Balance - beginning of year	875,503
Amortization	1,506
Balance - end of year	877,009
Net	94

8. Payments on the purchase of Irbid land

This item represent the amount of payments for purchase of Irbid developmental land for an amount of JD 323,250, a contract for the sale and development of the Irbid development site was signed and it was recorded in the books as payments for the purchase of Irbid development land in the amount of JD 323,250 on December 30, 2009, but the counterparty, the North Development Company, has not until the date of preparing these financial statements transferred the ownership of the land in the name of the Securities Depository Center. On the basis of the decision of the Center's Board of Directors No. (01/2019) at its meeting held on January 20, 2019, it was decided to terminate the sale and development contract signed with the North Development Company and to restore the Center's resulting in the amount paid for the plot of land. On July 17, 2019, Board of Directors Decision No. (36/2019) deferred the decision on the North Development Company's application for continuation of the sale and development contract until the NDC had submitted and examined a draft annex for that contract and considered the terms and conditions of the contract in order to make the appropriate decision based on the decision of the Center's Board of Directors in its meeting held on June 30, 2020, it was decided to apologize to the North Development Company for signing the sale and development annex, to terminate the sale and development contract with NDC, and recover the price of the plot of land.

9. Property and equipment

	Lands (*)	Computers	Building (*)	Office equipment	Vehicles	Furniture	Total
2020	JD	JD	JD	JD	JD	JD	JD
Cost							
Balance - beginning of year	152,916	2,421,199	1,633,861	338,748	150,536	147,017	4,844,277
Additions	-	12,240	-	21,177	1,600	-	35,017
Balance - end of year	152,916	2,433,439	1,633,861	359,925	152,136	147,017	4,879,294
Accumulated depreciation							
Balance - beginning of year	-	2,262,540	1,497,211	316,594	150,530	144,936	4,371,811
Depreciation	-	97,104	81,917	12,229	59	585	191,894
Balance - end of year	-	2,359,644	1,579,128	328,823	150,589	145,521	4,563,705
Net	152,916	73,795	54,733	31,102	1,547	1,496	315,589
2019							
Cost							
Balance at beginning of year	152,916	2,391,149	1,633,861	342,533	150,536	152,762	4,823,757
Additions	-	30,050	-	6,243	-	-	36,293
Disposals	-	-	-	(10,028)	-	(5,745)	(15,773)
Balance at end of year	152,916	2,421,199	1,633,861	338,748	150,536	147,017	4,844,277
Accumulated depreciation							
Balance at beginning of year	-	2,081,504	1,415,518	317,232	150,530	150,013	4,114,797
Depreciation	-	181,036	81,693	9,376	-	591	272,696
Disposals	-	-	-	(10,014)	-	(5,668)	(15,682)
Balance at end of year	-	2,262,540	1,497,211	316,594	150,530	144,936	4,371,811
Net	152,916	158,659	136,650	22,154	6	2,081	472,466

(*) The building and the land represents the Securities Depository Center share of 25% in a joint ownership of the building that accommodate the Jordan Securities Commission, Amman Stock Exchange and Securities Depository Center. Knowing that the building and the land which the building is built on is registered in the Jordan Securities Commission name in accordance with the Center's Board Decision No. (31/2019) as of May 14, 2019.

10. Other credit balances

	2020	2019
	JD	JD
Tender and future liabilities provision (*)	1,253,630	1,119,096
Accrued expenses	64,211	30,147
Unearned revenues	46,249	18,060
Accrued Board of Directors remunerations	28,541	31,350
Contractors retentions	26,666	32,784
Employees deposits	18,138	209
Accounts payable	9,340	13,300
Income and sales tax deposits	1,578	3,971
Other deposits	15	254
Total	1,448,368	1,249,171

(*) Following is the movement of tenders and future liabilities provision during the year:

	2020	2019
	JD	JD
Beginning of year balance	1,119,096	973,896
Transferred to in exchange for property and equipment (Capital)	(20,895)	(30,800)
Provided during the year	155,429	354,507
Transferred to general reserve	-	(178,507)
End of year balance	1,253,630	1,119,096

11. Securities ownership transfer commission

	2020	2019
	JD	JD
Securities excluded from trading	2,594,580	232,568
Traded securities	872,381	1,308,158
Total	3,466,961	1,540,726

12. Membership, subscriptions, registration of bonds, corporate bonds fees

	2020	2019
	JD	JD
Annual subscriptions and membership fees	1,500,183	1,532,672
Registration of bonds fees	90,500	85,667
Registration of corporate bonds fees	54,208	51,791
Total	1,644,891	1,670,130

13. Charges, fees and fines

	2020	2019
	JD	JD
Direct connection fees	8,500	8,700
Security issuer fees	6,207	3,312
Security owner services fees	5,970	8,339
Transfer and open accounts fees and brokers fines	4,710	11,458
Bank transfer fees	2,573	3,238
Total	27,960	35,047

14. Other revenues, net

	2020	2019
	JD	JD
Recovery of provisions	61,827	10,189
Management allowance of Settlement Guarantee Fund (*)	25,000	25,850
Other	7,077	882
Gains on sale of property and equipment	-	1,189
Sale of tenders copies and tender delay execution fines	-	400
Total	93,904	38,510

(*) This amount shall be calculated in the basis of article No. (7/B) of the bylaws of Settlement Guarantee Funds for the year 2017 to compensate the Center for administrative expenses incurred by the Center on behalf of Settlement Guarantee Fund annually for an amount equal to the proceeds of membership fees collected from the Fund members after subtracting the administrative expenses.

15. Administrative expenses

	2020	2019
	JD	JD
Salaries, wages and related benefits	1,056,014	1,112,136
Depreciation	191,894	272,696
Maintenance	190,880	189,777
Expected credit losses on brokers and members receivable	147,002	177,520
Electricity and water	143,213	163,048
Social security contribution	126,808	133,814
Communications	54,981	54,837
Board of directors remunerations and transportation	44,948	47,564
Rents	39,681	52,155
Cleaning	20,379	16,868
Security	15,002	15,292
Bank expenses	14,951	13,001
Professional fees	11,060	11,039
Subscriptions	9,410	9,384
Center's contribution to saving fund	7,661	8,141
Miscellaneous	6,239	9,641
Stationery and printings	6,049	7,615
Insurance	3,345	3,253
Fuel	2,813	5,545
Board of directors secretary fees	2,400	2,400
Hospitality	1,656	6,234
Legal fees	1,550	50
Vehicles expenses	1,474	3,205
Training	350	3,704
Travel and transportation	-	3,887
Amortization	-	1,506
Advertisement	-	523
Total	2,099,760	2,324,835

16. Legal cases

The value of legal cases raised by other against Securities Depository Center and other parties amounting to JD 41,030,100 and those cases are still pending in the related court, and based on the legal council professional judgment that the allegations in these cases have no factual or legal bases, and that the Center has strong defences for the restitution of those claims, and therefore does not expect the center to suffer any financial liabilities as a result .

17. Risk management

a) Capital risk (Reserves)

Regularly, the reserves structure is reviewed and the cost of reserves and the risks associated with reserves are considered. In addition, reserves is managed properly to ensure continuing as a going concern while maximizing the return through the optimization of the center liabilities return.

b) Currency risk:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- The risk arises on certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year.
- Certain procedures to manage the exchange rate risk exposure are maintained.
- The entity is not exposed to currency risk.

c) Interest rate risk:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from depositing in banks.
- The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances during the financial year.
- The entity is not exposed to interest rate risk.

d) Other price risk:

- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity investments. However, this risk is insignificant since no active trading on these investments is occurred.
- The entity is not exposed to other price risk.

e) Credit risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

f) Liquidity risk:

- Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
- Liquidity risk is managed through monitoring cash flows and matching with maturity dates of the financial assets and liabilities.

The following table shows the maturity dates of financial assets and liabilities as of December 31:

	Less than one year		One year and more	
	2020	2019	2020	2019
	JD	JD	JD	JD
Financial assets:				
Cash and cash equivalents	7,207,550	6,865,052	-	-
Related parties receivables	431	-	-	-
Accounts receivables and other debit balances	28,410	15,891	-	-
Center's employee housing fund	-	-	2,658,177	2,658,177
Total	7,236,391	6,880,943	2,658,177	2,658,177
Financial liabilities:				
Other credit balances	148,489	112,015	-	-
Related party payable	-	12,136	-	-
Total	148,489	124,151	-	-

18. Covid-19 effects

As a result of the outbreak of the new Corona Virus (COVID-19) in early 2020, its spread in several geographical areas around the world, including the Hashemite Kingdom of Jordan, and its impact on the world economy, the Jordanian Cabinet's decision of 17 March 2020 imposed a curfew law and suspended all business and economic activities in whole or in part until further notice, part of the Government's precautionary measures to combat the spread of the Corona Virus. Consequently, the majority of business activities in the Hashemite Kingdom of Jordan were affected by this decision. COVID-19 created uncertainty in the global economic environment.

In preparing the financial statements, management conducted an assessment of a company's viability as a continuous enterprise and of other risk management practices to manage potential disruptions to the business's operations and financial performance that may have been caused by an outbreak (COVID-19) by assessing the implications of the business's operations. As a result of the potential effects of the Corona virus, the management of the entity has taken forward information for at least the 12 months following the reporting period, both with regard to the negative effects of the virus on the functioning of the business process and the ability to repay its debts in the event that things return to normal within a reasonable period of time.

The entity examined the potential effects of current economic fluctuations in determining the amounts declared for the financial and non-financial assets of the entity, which represent the best management estimates based on observable information. Markets remain volatile and recorded amounts continue to be sensitive to market fluctuations.

The Center's activity was affected by the closures which occurred because the center's revenues were mainly based on transfer commissions of ownership of securities. Trading on the Amman Stock Exchange was suspended due to the comprehensive ban from March 17, 2020 to May 10, 2020.

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