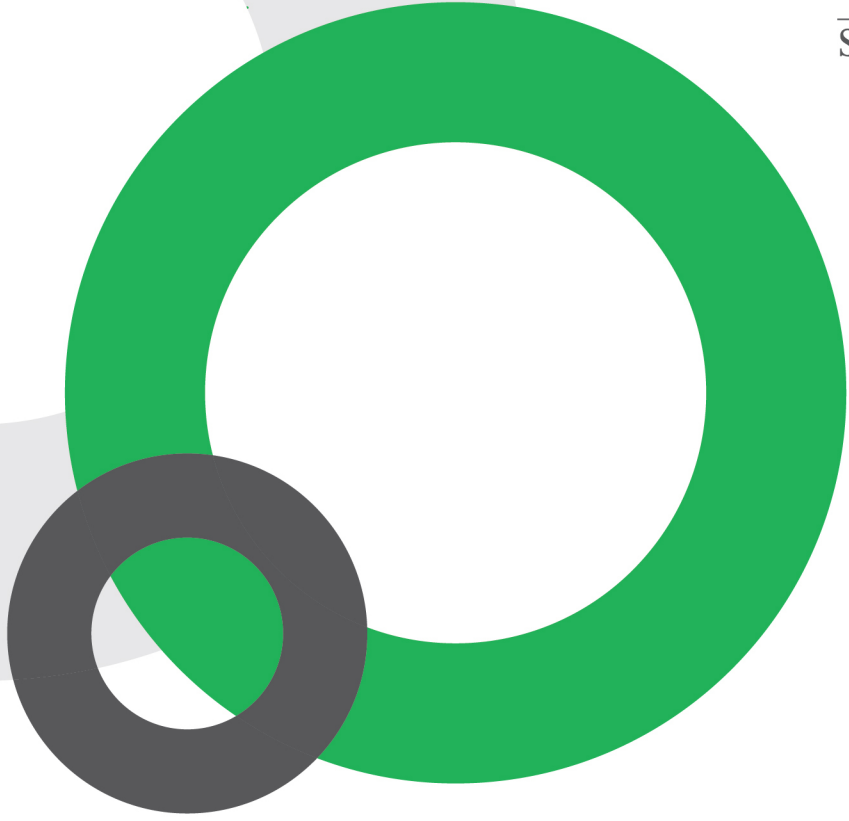




مركز إيداع الأوراق المالية  
Securities Depository Center



# Annual Report 2021





**His Majesty King Abdullah II Bin Al Hussein**



**His Royal highness Crown Prince  
Al 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 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-fourth meeting of the General Assembly of the Securities Depository Center, and allow me also to provide you with the annual report that includes the SDC's achievements, its financial statements for the past year (2021), and its future plan for the coming years.

The SDC has worked during the year 2021 to implement projects that contribute to develop its work structure by applying international standards and best practices, as the SDC and ASE has completed the project of linking the SDC's electronic system to the new trading system of the ASE. Moreover, the SDC has worked to develop its electronic system and sub-systems to keep pace with recent developments by adopting advanced technology. The SDC also has completed the project of the inter-connection with the Central Bank of Jordan (RTGS - Real Time Gross Settlement System) through (VPN - Virtual Private Network) to be effective as a back-up line in the event that the SWIFT system fails for any reason, in addition to completing the development of documents and archives management system project 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 (internal/publish members memos) which will reduce time, effort, cost, and speed the completion of transactions and the ease of retrieval.

As for future plans defined in the SDC's strategic plan (2021-2023), the SDC will complete the second phase of "e-portfolio service" which enables the investor to view all securities' accounts whether his accounts at the SDC's central registry or accounts maintained by SDC members (brokers or custodians). The SDC will develop it and facilitate the procedures of getting this service to be fully electronic. The SDC also will provide this service through an application on smart phones to facilitate the follow-up process. All of that to keep pace with the government's trend towards digital transformation and e-government, the application allows users of smart phones that work with all operating systems to track their ownership and trading in securities with ease.

The SDC will complete the project of developing the messages service (SMS) via mobile phones for investors, which enables investors to follow up on the trading operations executed on their accounts (selling and / or buying securities) at the ASE, 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 (transfers, corporate actions, ownership restrictions, and others). Moreover, the SDC will introduce new services such as settlements of block trades directly through the SDC on the basis of delivery for payment (DvP), and the SDC will seek to distribute the cash dividends determined by public shareholding companies to shareholders in accordance with international best practices.

The SDC also 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.

Finally, I would like to thank 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. I also would like to extend my thanks to all members of general assembly. All of them cooperate with the SDC in all conditions to be able to perform the functions and plans to the fullest.

May Allah protect His Majesty King Abdullah II Ibn Al-Hussein, our Country 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-fourth 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 2021, the future plan as well as the financial data as of 31/12/2021.

#### 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.

Continuing 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.

During 2021, the SDC registered the government bonds, corporate bonds, and Islamic Sukuk where the number of issues was (87) issues, with a total value (JOD 6) billions. The SDC also redeemed (68) issues, with a total value (JOD 4.2) billions.

The SDC registered the increase shares for (13) public shareholding companies, with a total of (91) million shares, and the decrease the capital of (10) public shareholding companies, with a total of (52) million shares. Three public shareholding companies and one limited liability company were merged, with a total of (880) thousand shares for the merged public shareholding companies.

During the year 2021, the SDC defined (12,286) investors, the total number of investors identified on the SDC's database was (643,512) investors, of which (582,964) Jordanians, (53,519) Arabs and (7,029) 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 2021 were (872,175) contracts where (1.7) billion shares were transferred with a value of (JOD 2) billion. Also, the total amounts received and paid through the settlement account of the SDC at the Central Bank of Jordan (CBJ) were (JOD 417) million.

The SDC continues work under the provisions of the internal by-law of the Settlement Guarantee Fund, where the membership in the Fund is mandatory for brokers and custodians. This Fund 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 brokers' contributions to the Fund as of 31/12/2021 was (JOD 7.9) million of which (JOD 2.4) million as cash contributions and (JOD 5.5) million as bank guarantees.

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.

The SDC continues place and release ownership restrictions on deposited securities. During 2021, the SDC executed (11,419) pledge, release of pledge, Lien, and release of lien transactions where the number of shares on which these operations were carried out reached (568.7) 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 (13) freezing transactions and unfreezing (17) 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 (48.3) million securities with a market value (JOD 104) million through (24,058) transfer deeds, while the number of family transfers reached (3,146) transfer deeds under which (23.1) million securities were transferred with a market value of (JOD 36) million, in addition to transfers of non-traded securities and other transfers, the number of securities was transferred (109.7) million securities with a market value (JOD 255.1) million through (8,146) transfer deeds.

As for the technical structure, the development and modernization of the SDC's electronic systems (SCORPIO)<sup>®</sup> 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 general assembly meetings through technological techniques for holding remote meetings.

The SDC will always do its utmost to actively contribute to achieving national goals and visions; therefore, within its future plan and with regard to the technical environment, the SDC will develop its website by adopting a new website design that complies with international technical standards for websites. The SDC also will develop and update a comprehensive Business Continuity and disaster recovery plan, in addition to developing the infrastructure for the SDC's electronic systems and networks.

On the same context, the SDC will distribute the cash dividends on behalf of issuers. Therefore, the investors can refer directly to the SDC instead of issuers to receive their cash dividends easily. The SDC will provide full protection to them and help in reducing the delay process, efforts, and financial costs bearing by investor which will contribute to increasing liquidity and stimulating the financial market.

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, it will develop and introduce new services like lending and borrowing and short selling, and the completion of the project of the depository receipts for securities in cooperation with JSC and ASE. It also will expand subscribers' base in the electronic lien system. Finally, the SDC will update and develop the investors' services like "e-portfolio service" and facilitate the procedures of getting this service to be fully electronic. The SDC also will provide this service through an application on mobile phones to facilitate the follow-up process. 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 ASE, 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. The SDC also will update investors' data in cooperation with SDC's members (brokers or custodians). The SDC is aiming to have updated database.

#### **Distinguished attendees,,,**

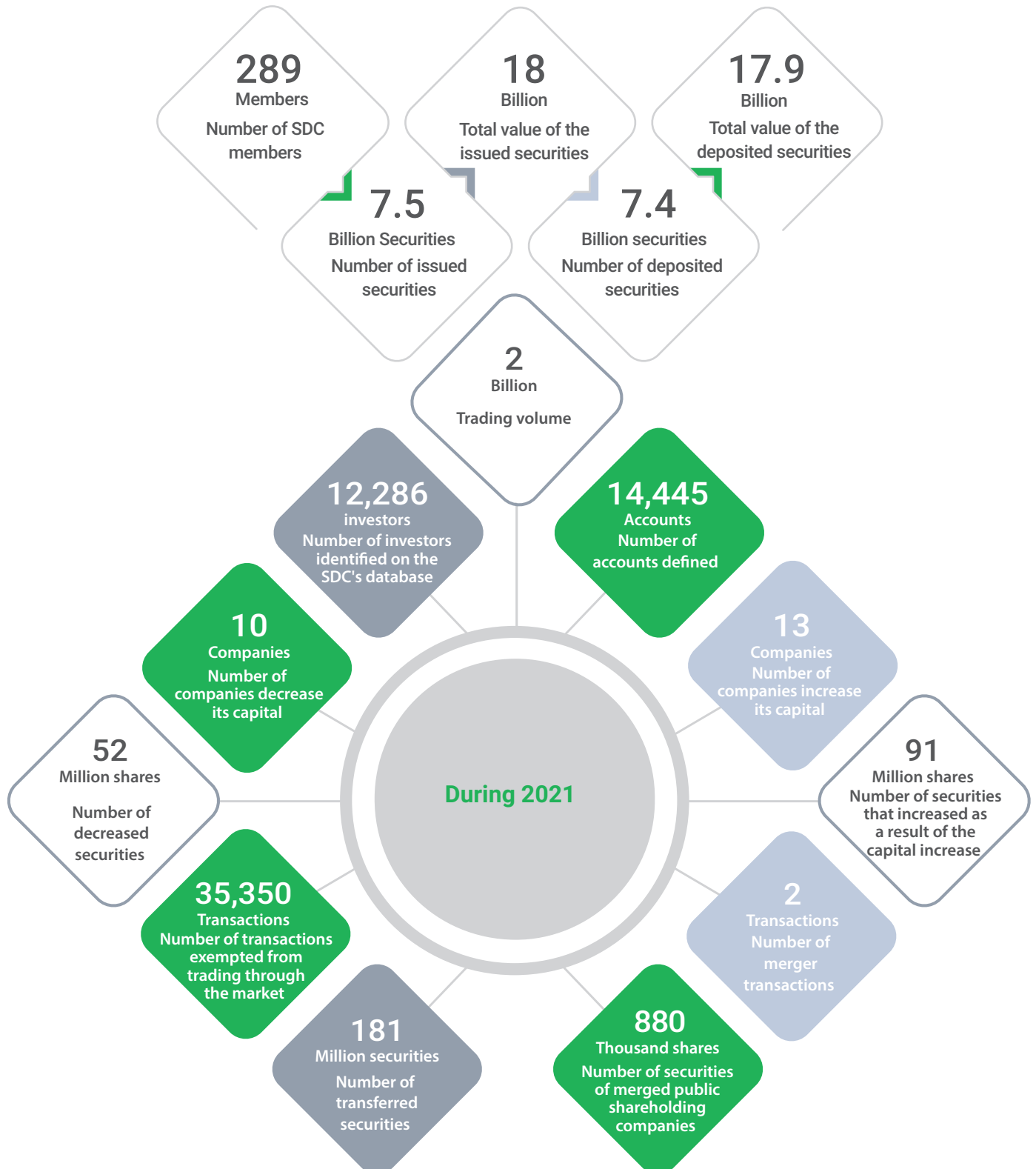
Finally, I would like to thank you for your continuous support, trust and your continuous support to us, I also thank JSC and the ASE for their continued cooperation with the SDC to enable it to perform its functions to the fullest. I would like to extend my thanks to the members of the Board of Directors and the SDC's employees for their fruitful efforts made during the past year under the patronage of His Majesty King Abdullah II Ibn Al Hussein, may Allah protect him.

**Jamal Jallab**  
Acting Chief Executive Officer



## Illuminations of the year 2021

### At the end of 2021





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

### Our Core Values



## 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 responsibilities shown in the diagram:



### SDC's Management

#### • SDC's Board of Directors

The SDC's Board of Directors consists of a five member board of directors. Two members of the Board of Directors are elected by the General Assembly of the SDC and three members are appointed by the JSC. This board establishes the SDC's general policy to guarantee the management and development of its operations and activities, and establishes the necessary internal by-laws and instructions to direct the SDC's affairs.



**Three private sector members with expertise in legal, financial and economic fields, appointed by the Board of Commissioners of the Jordan Securities Commission<sup>(1)</sup>**

- Mrs. Muna Fawzi Al-Mufti<sup>(2)</sup> Chairman
- Mr. Khalil Moh'd Naser<sup>(2)</sup> Deputy Chairman
- Mrs. Feryal Philip Saba Board Member

**One member representing public shareholding companies<sup>(3)</sup>**

- International Arabian Development & Investment Trading  
Mr. Samir Tawfiq Hamad Rawashdeh Board Member

**One member representing brokers and custodians<sup>(3)</sup>**

- Amman United Financial Investments  
Mr. Naser Moh'd Abdelghani Al-amad Board Member

**Mr. Jamal Jallab<sup>(4)</sup> Acting Chief Executive Officer**

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

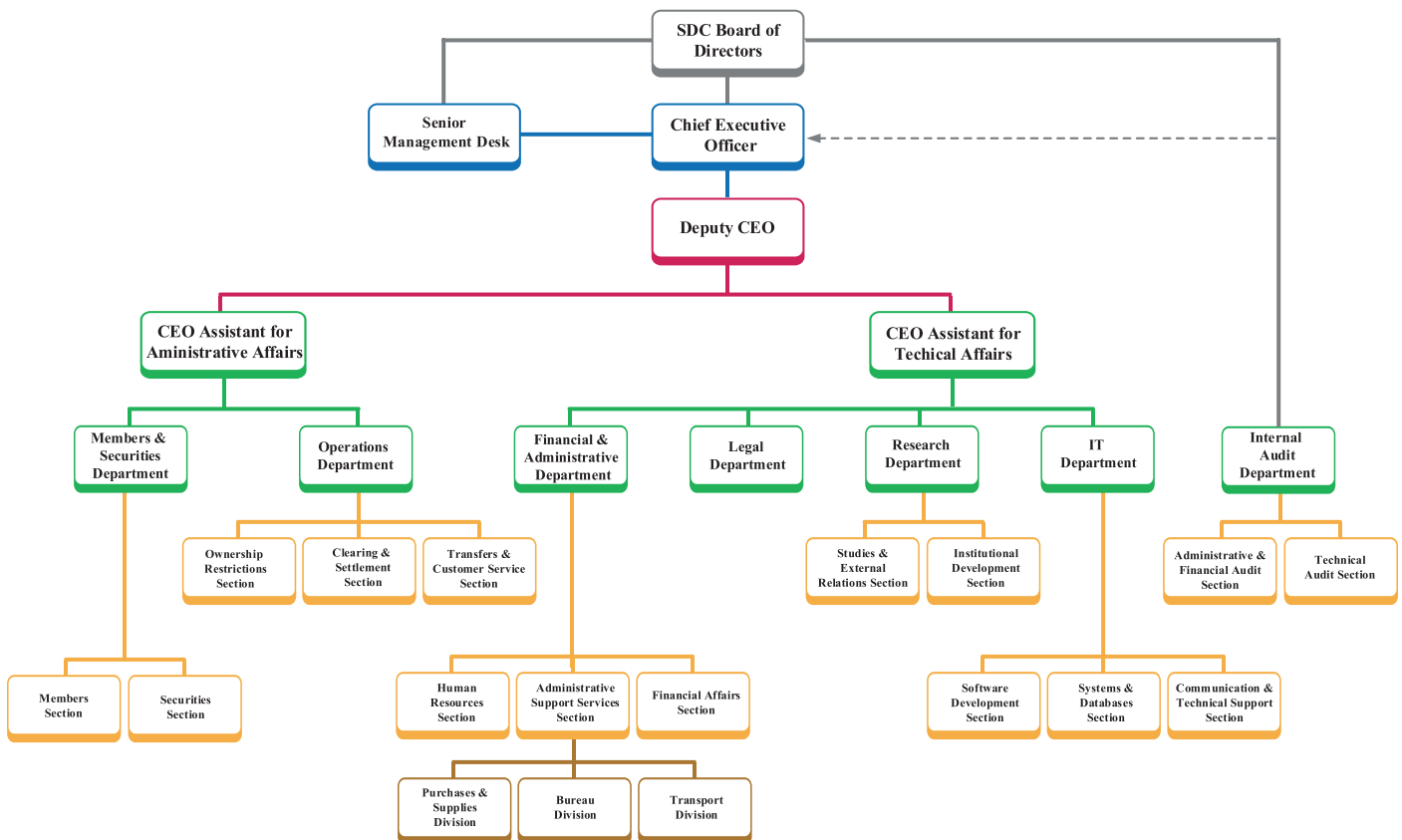
<sup>(4)</sup> The SDC's Board of Directors decided in its meeting on 20/06/2021 to appoint Mr. Jamal Jallab as Acting CEO, in addition to his position, to manage the SDC's affairs during the vacancy of the CEO's position.

## • Chief Executive Officer

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:

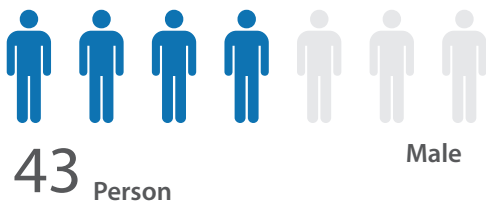
### Organizational Structure



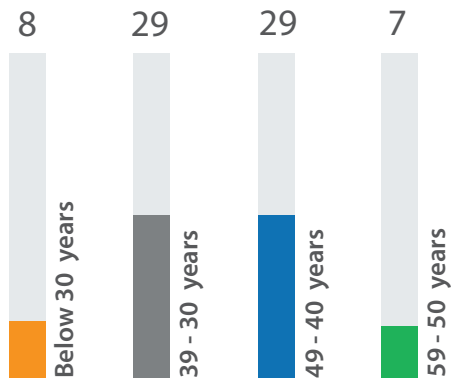
## Human Resources

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 (73) employees as of 31/12/2021.

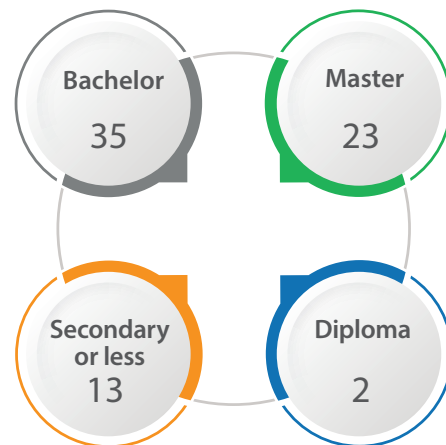
Distribution of employees by gender



Distribution of employees by age group



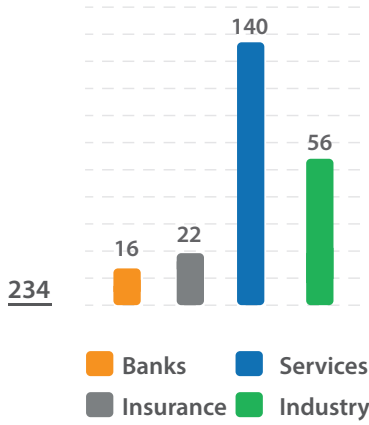
Distribution of employees by educational qualification



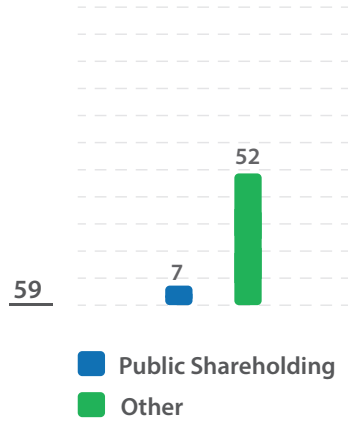


## SDC's Members

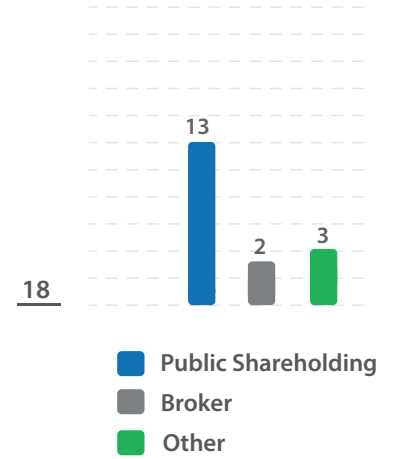
### Public Shareholding Companies



### Brokers



### Custodians



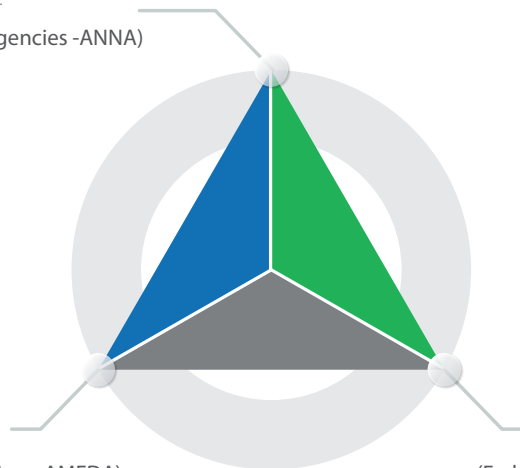
## SDC's Membership in the Regional and International Organizations



(Association of National Numbering Agencies - ANNA)








(Africa & Middle East Depositories Association - AMEDA)



(Federation of Euro-Asian Stock Exchanges - FEAS)

### SDC's Website ([www.sdc.com.jo](http://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](http://www.sdc.com.jo)) as the following:

<p>Ownership and trading of the public shareholding companies' board of directors members</p>		<p>Shareholders who own significant percentage of their share capital</p>	
	<p>"e-portfolio" service and other electronic services</p>	<p>The names of the Board members and representatives</p>	<p>Trading of members of the boards of directors of those companies and representatives of legal members</p>
<p>Financial ratios</p>		<p>Corporate actions</p>	

## SDC's Achievements in 2021

- **The General Assembly meeting of the SDC hold remotely**

The twenty-third meeting of the Securities Depository Center's General Assembly was held on 15/04/2021 through the means of audio-visual communication via electronic means (ZOOM). 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.

- **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:

1. Developing a mechanism in the issuers system to enable the public shareholding companies to download the ownership restrictions of their shareholders.
2. 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.

- **New Trading System (Optiq)**

Within the framework of cooperation with the ASE, the SDC participated in conducting the necessary examinations for the new stock exchange trading system (Optiq), where the SDC developed and built a central control system that connects its electronic system (SCORPIO)<sup>®</sup> and the new trading system, which was launched on 27/03/2021 which aims to reduce the risks of trading in the stock exchange.

## Training

A number of employees attended training courses related to the qualification and development of managerial positions, policy-making and decision-making, total quality management, work planning and organization skills, and impact assessment.

## International Relations

In light of the spread of the Corona pandemic and the adoption by international official institutions of video communication applications for the purposes of holding meetings remotely to limit the spread of the virus, the SDC attended several meetings via electronic visual communication ZOOM, which allows participants to discuss, inquire and vote on all matters mentioned in the meeting agenda.

Among these meetings are the Association of National Numbering Agencies (ANNA), the Federation of Euro-Asian Stock Exchanges (FEAS), and the Africa & Middle East Depositories Association (AMEDA) and the committee that was formed to discuss matters related to the Federation. This committee consists of the AMEDA President and Vice President, the Jordan Securities Depository Center, the Mauritius Securities Depository Center and the Nigerian Securities Depository Center.

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 2021.

### • 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 bonds, corporate bonds, and Islamic Sukuk during the year 2021

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	60	5525	40	3846
Jordan Trade Facilities	1	5.28	1	2.3
Jordan Mortgage Refinance	24	202	22	199
Bindar Trading & Investment	1	3	1	3
National Electric Power	1	225	2	150
Water Authority of Jordan	-	-	1	20
Jordan Islamic Sukuk Company For Financing Governmental Project (special Purpose Vehicle)	-	-	1	6.8

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 (13) public shareholding companies, with a total of (91) million shares, and the decrease the capital of (10) public shareholding companies, with a total of (52) million shares. Three public shareholding companies and one limited liability company were merged, with a total of (880) thousand shares for the merged public shareholding companies.



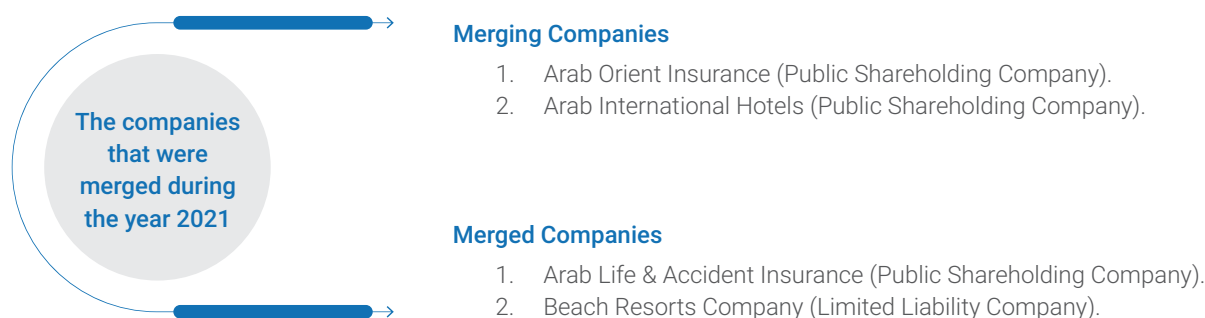
The table represents companies that increased their capital during the year 2021

Increase mechanism	Company name	Amount of increase	Capital before increase	Capital after increase
Capitalization	The Jordanian Electric Power	2,152,004	86,080,154	88,232,158
	Irbid District Electricity	2,000,000	8,000,000	10,000,000
	Jordan Mortgage Refinance	5,000,000	5,000,000	10,000,000
	Electricity Distribution	2,000,000	10,000,000	12,000,000
	Petra Education	4,000,000	16,000,000	20,000,000
	The Arab Pesticides & Veterinary Drugs Manufacturing	3,000,000	12,000,000	15,000,000
	Siniora Food Industries	1,000,000	27,000,000	28,000,000
Private Subscription	Al Safwa Insurance Public Limited Company	1,600,000	5,000,000	6,600,000
	Jordan Himmeh Mineral	442,228	1,557,772	2,000,000
	Alia-The Royal Jordanian Airlines	50,000,000	274,610,470	324,610,470
	Dar Al Dawa Development & Investment	10,000,000	25,000,000	35,000,000
	Elzay Ready Wear Manufacturing	6,020,000	11,218,309	17,238,309
	Arab Life & Accident Insurance	4,000,000	8,000,000	12,000,000
<b>Total</b>		<b>91,214,232</b>	<b>486,466,705</b>	<b>580,680,937</b>

The table represents companies that decreased their capital during the year 2021

Decrease mechanism	Company name	Amount of decrease	Capital before decrease	%of decrease
Excess cash distributed to the shareholders	Amad Investment & Real Estate Development	1,693,594	7,693,594	6,000,000
	Jordan Emirates Dimensions For Commercial Investment	2,000,000	4,748,695	2,748,695
Redemption part of losses	Union Investment Corporation	10,000,000	50,000,000	40,000,000
	International Arabian Development & Investment Trading	4,000,000	7,000,000	3,000,000
	Dar Al Aman For Islamic Finance	4,000,000	20,000,000	16,000,000
	Akary For Industries & Real Estate Investments	700,000	1,200,000	500,000
Redemption of accumulated losses and the balance of issuance discount	South Electronics	9,038,037	11,158,447	2,120,410
	Sheba Metal Casting	625,000	1,250,000	625,000
Redemption of losses	Amad Investment & Real Estate Development	306,406	8,000,000	7,693,594
	Jordan Emirates Dimensions For Commercial Investment	5,251,305	10,000,000	4,748,695
Redemption of losses and the reserve of the issuance premium	Jordan Industrial Resources	10,339,351	16,625,000	6,285,649
Redemption part of rotated losses	Intermediate Petrochemicals Industries	4,000,000	7,000,000	3,000,000
<b>Total</b>		<b>51,953,693</b>	<b>144,675,736</b>	<b>92,722,043</b>

Regarding merger, three public shareholding companies and one limited liability company were merged through two transactions, the following graph shows the companies that were merged during the year 2021:



The table below shows the data of the capital increase of the merging companies as the mechanism of the increase was through capitalization.

**The table shows the increase mechanism of the merging public shareholding companies during the year 2021**

#	Company's Name	Amount of increase	Capital before increase	Capital after increase
1	Arab Orient Insurance	151,181	25,287,071	25,438,252
2	Arab International Hotels	728,881	32,000,000	32,728,881
<b>Total</b>		<b>880,062</b>	<b>57,287,071</b>	<b>58,167,133</b>

Since the SDC membership is mandatory for public shareholding companies, brokers and custodians, the SDC registered the shares of (2) new public shareholding companies and cancelled the membership of (2) public shareholding companies. Thus, the total number of public shareholding companies was (234) companies as of 31/12/2021.

On the other hand, the SDC accepted the membership of (1) brokerage company and cancelled the membership of (1) brokerage company, thus, the total number of brokers at the SDC was (59) companies; whereas, the total number of custodians was not changed (18) companies. Accordingly the total number of the SDC members is (289) of public shareholding companies, brokers and custodians as of 31/12/2021.

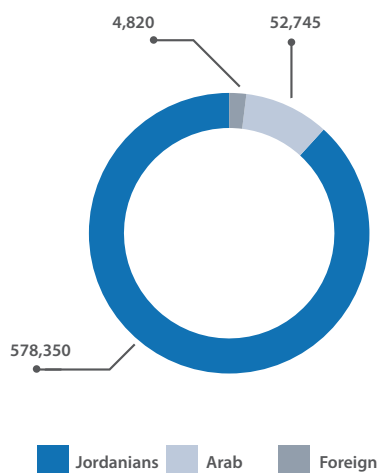
**The table represents the name of the members that are terminated its membership at the SDC during 2021**

#	Type of member	Name of member	The reason of membership termination at the SDC
1	Public shareholding company	Aman For Securities	Compulsory Liquidation
2	Public shareholding company	Arab Life & Accident Insurance	Merging with Arab Orient Insurance
3	Brokerage company	Arab Falcon For Selling and Buying Securities	ASE Membership Deleted

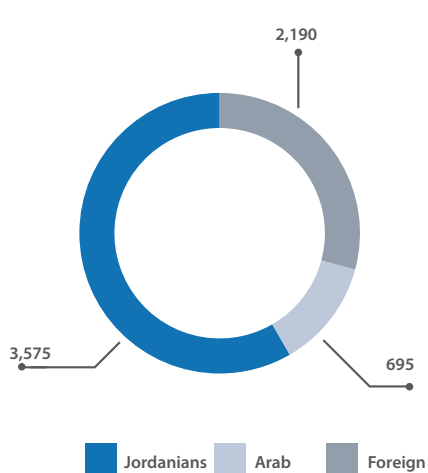
## • Investor Identification and Account Set-Up

During the year 2021, the SDC defined (12,286) investors, the total number of investors identified on the SDC's database was (643,512) investors, of which (582,964) Jordanians, (53,519) Arabs and (7,029) foreign.

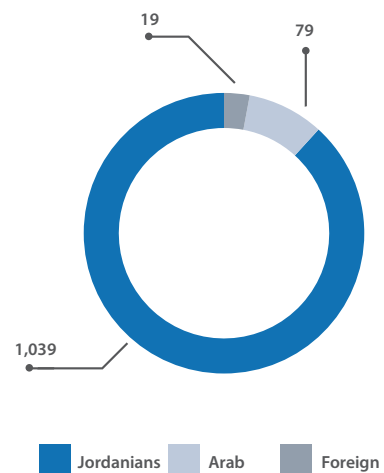
Individual investors by nationality classification



Juridical investors by nationality classification



Joint investors by nationality classification



## • Depositing of Securities

The number of registers of securities deposited at the SDC was (303) registers as of 31/12/2021 of which (234) registers for shares, (66) registers for bonds and (3) registers for Islamic Sukuk.

The table represents an analysis of registered ownership as of 31/12/2021

Status	Deposited	Non-deposited	Deposit %	Total
No. Owners	549,406	76,562	87.77	625,968
No. Securities	7,446,878,049	38,158,923	99.49	7,485,036,972
Total Value	17,850,694,321.29	117,330,926.85	99.35	17,968,025,248.14

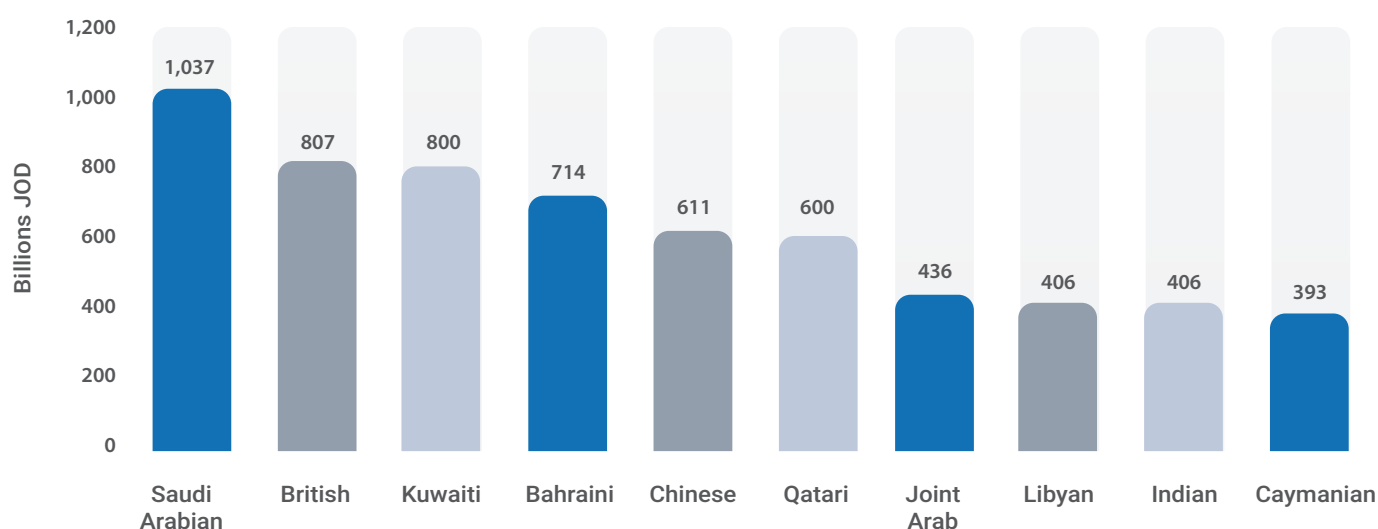
The table represents an analysis of deposited ownership as of 31/12/2021

Investor Type	Investor Category	Ownerships		Investors		Securities		Total Value	
		No.	%	No.	%	No.	%	Amount in JOD	%
Natural	Males	314,054	57.162	149,401	54.913	2,227,281,165	29.909	3,313,060,492.17	18.560
	Females	230,347	41.927	120,867	44.425	589,943,055	7.922	1,090,178,487.16	6.107
	<b>Total</b>	<b>544,401</b>	<b>99.089</b>	<b>270,268</b>	<b>99.338</b>	<b>2,817,224,220</b>	<b>37.831</b>	<b>4,403,238,979.33</b>	<b>24.667</b>
Juridical	Companies	3,888	0.708	1,381	0.508	3,769,133,009	50.614	10,154,144,738.88	56.884
	Mutual Funds	424	0.077	90	0.033	49,475,799	0.664	120,444,610.70	0.675
	Institutions	226	0.041	37	0.014	628,996,438	8.446	2,119,616,988.40	11.874
	Governments	73	0.013	12	0.004	134,999,998	1.813	837,144,693.81	4.690
	Organizations	156	0.028	76	0.028	37,565,809	0.504	175,658,726.22	0.984
	Municipalities	31	0.006	29	0.011	7,029,453	0.094	30,540,103.62	0.171
	Waqf	12	0.002	6	0.002	820,747	0.011	3,595,762.21	0.020
	Associations	11	0.002	4	0.001	526,331	0.007	1,467,317.28	0.008
	Religious Sects	9	0.002	4	0.001	848,658	0.011	4,127,641.21	0.023
	<b>Total</b>	<b>4,830</b>	<b>0.879</b>	<b>1,639</b>	<b>0.602</b>	<b>4,629,396,242</b>	<b>62.166</b>	<b>13,446,740,582.33</b>	<b>75.329</b>
Joint	Total Joint	175	0.032	162	0.060	257,587	0.003	714,759.63	0.004
<b>Deposited Grand Total</b>		<b>549,406</b>	<b>100</b>	<b>272,069</b>	<b>100</b>	<b>7,446,878,049</b>	<b>100</b>	<b>17,850,694,321.29</b>	<b>100</b>

## Ownership of the ten highest nationalities

The value of ownership for the top ten nationalities in the Jordanian capital market as of 31/12/2021 is (7.5) billion securities, with a total value of approximately (JOD 17) billion, in which the ownership of the first ten ranks excluded the Jordanian nationality of approximately (1.7) billion securities with a total value of approximately (JOD 6.2) billion. The Jordanian recorded the first rank of approximately (5) billion securities with a total value of approximately (JOD 9) billion and the chart below shows the ranks of non-Jordanian nationalities according to the highest ownership in terms of total value.

The graph shows the ranks of the ten highest non-Jordanian nationalities according to the ownership in terms of the total value



- **Balance Queries**

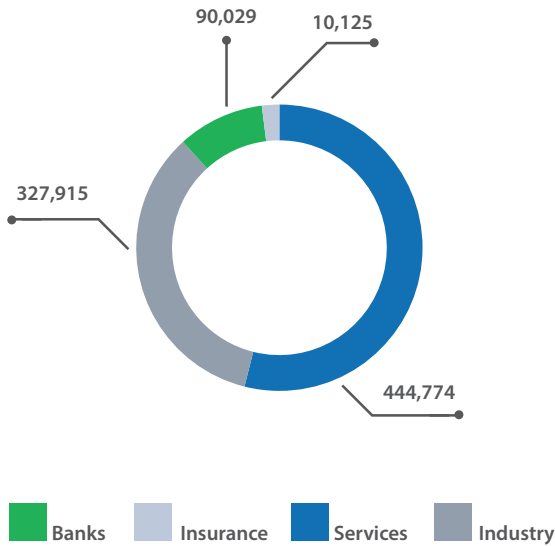
During the year 2021, the SDC issued (3,529) ownership notices in securities ownership notices that show their ownership balance in securities between different accounts for a specific date, in addition to issuing (283) an accounts statements that show all transactions executed on his securities during a period of time.

- **Clearing and Settlement**

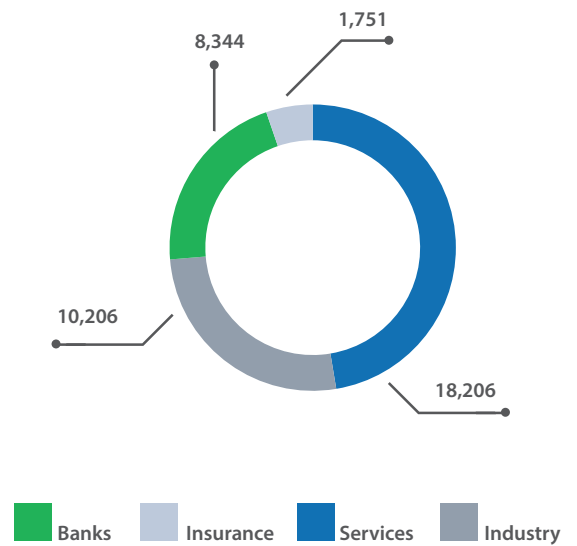
The SDC applied clearing and settlement measures for trading contracts executed at the ASE on the basis of Delivery versus Payment (DvP) where delivery of sold securities is against payment of funds. The number of electronic trading contracts that has been subjected to electronic clearing and settlement operations during the year 2021 were (872,175) contracts where (1.7) billion shares were transferred with a value of (JOD 2) billion. Also, the total amounts received and paid through the settlement account of the SDC at the Central Bank of Jordan (CBJ) were (JOD 417) 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).



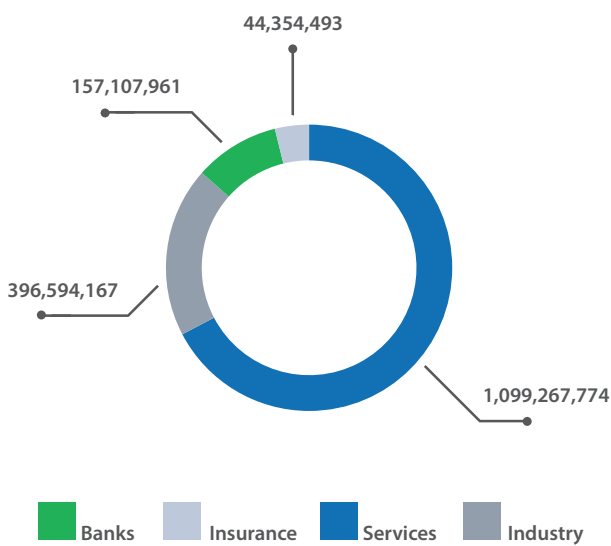
Number of executed contract classified by sector in 2021



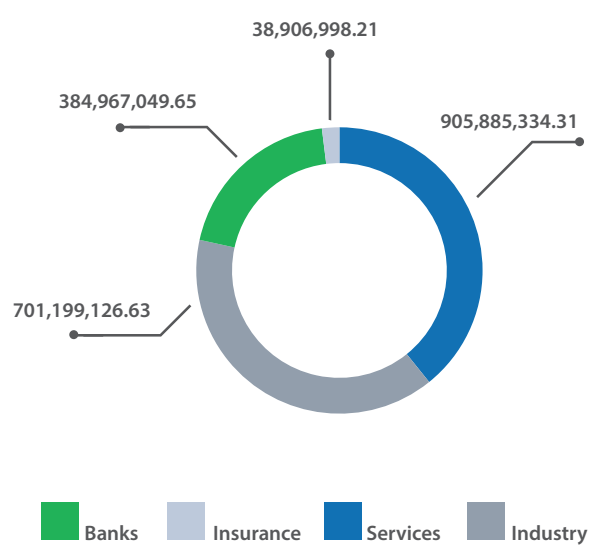
Number of investors classified by sector in 2021



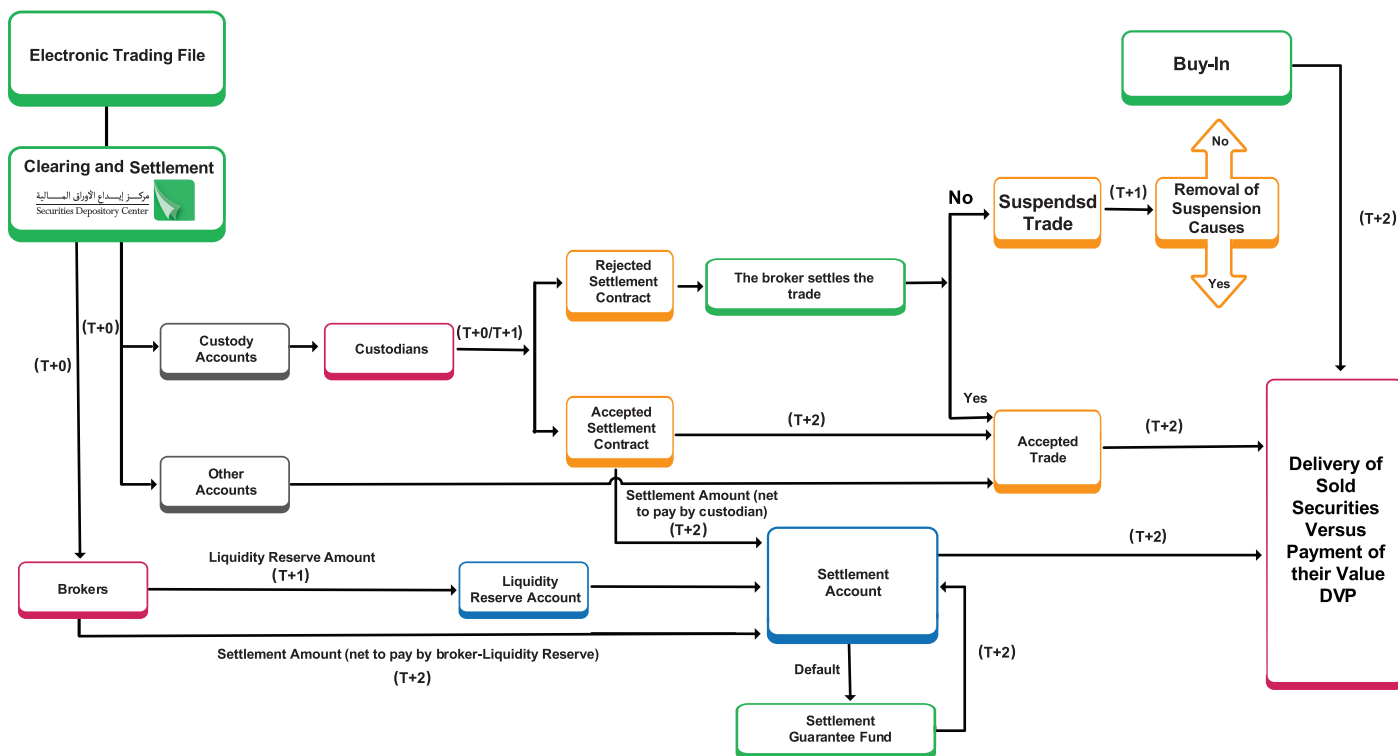
Number of traded securities classified by sector in 2021



Total value of executed contracts classified by sector in 2021



## Delivery versus Payment



The table represents settlements transactions 2021

Description	2021
<b>Amounts Received</b>	<b>416,786,459.14</b>
1 Liquidity Reserve (T+ 1)	178,300,411.28
2 Settlement Amount (T+ 2)	238,486,047.86
<b>Amounts Paid</b>	<b>416,786,459.14</b>
1 Settlement Payments (T+ 2)	415,974,368.50
2 Suspended Contracts (T+ 4)	812,090.64

## • 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 31/12/2021:

Payment Orders	5,557,000.00
Cash Contributions	2,385,000.00
<b>Total</b>	<b>7,942,000.00</b>

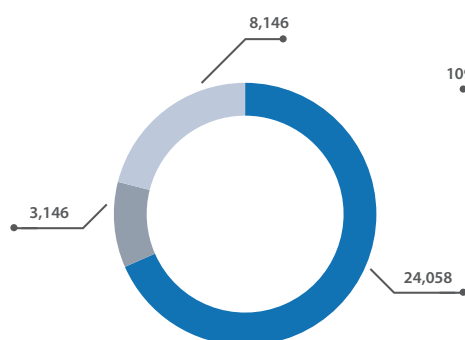
Whereas the custodians of banks (14) custodians provided the SDC with standing instructions upon agreement with the Central Bank of Jordan (CBJ) to transfer the defaulted amount from their accounts with CBJ to the SDC upon the request of the SDC, while non-bank custodians provided bank guarantees to 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, and other types of transfers. In addition to carrying out transfers of ownership of non-traded securities and other transfers.

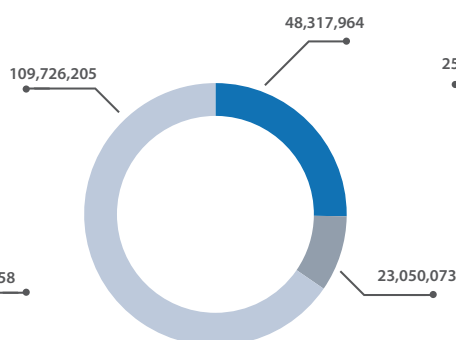
The graph shows the transactions excluded from trading completed by the SDC in 2021

Number of contracts exempted from trading in 2021



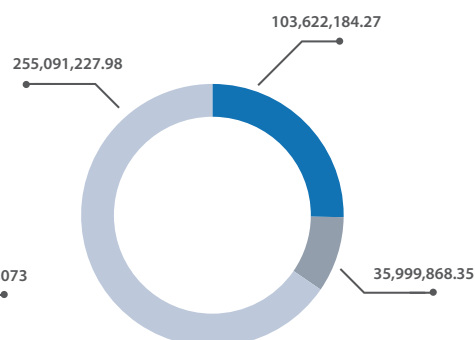
Inheritance Family Others

Number of securities exempted from trading in 2021



Inheritance Family Others

Total value of transactions exempted from trading in 2021



Inheritance Family Others

## • 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 2021**

Transaction Type	Description	2021
Pledge	No. of Transactions	61
	No. of Securities	53,318,650
Release of Pledge	No. of Transactions	555
	No. of Securities	19,390,355
Lien	No. of Transactions	5,450
	No. of Securities	283,345,644
Release of Lien	No. of Transactions	5,353
	No. of Securities	212,671,263
Freeze	No. of Transactions	13
	No. of Securities	5,464,479
Unfreeze	No. of Transactions	17
	No. of Securities	2,886,618

- **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 standards and 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.

- **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.

- **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)<sup>®</sup> system, raising the efficiency of the electrical network for the main server rooms and updating the main servers and storage units.

The SDC also will develop a mechanism in which the data of its members including the financial brokers will be updated from the SCORPIO<sup>®</sup> 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 member in this process.



- **Updating and developing the investors' services**

Derived from the SDC's concern to provide the highest level of services to investors and for the purpose of enabling the investor to follow up his/ her investments and to view the information related to his/ her deposited securities' accounts and obtain statements or documents regarding his/ her ownership, the SDC developed the "e-portfolio service" to enable the investor to view all securities' accounts whether his/ her accounts at the SDC's central registry or accounts maintained by SDC members (brokers or custodians). The SDC will develop it and facilitate the procedures of getting this service to be fully electronic. The SDC also will provide this service through an application on mobile phones to facilitate the follow-up process.

In light of the SDC's endeavor to develop its electronic services and later on launching the messages 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.

The SDC will update investors' data in cooperation with SDC's members (brokers or custodians). The SDC is aiming to have updated database.

## 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, 2021, 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, 2021, 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, 2021, 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, On December 6, 2021, an agreement to dismiss the sale and development contract was signed, and the North Development Company transferred the entire value that was received as payments for the purchase of Irbid Developmental land, amounting to 323,250 Jordanian dinars on January 30, 2022.

- 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  
Aziz Abdelkader  
(License # 867)  
Amman on, March 24, 2022**

## Securities Depository Center

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

### Statement of financial position as at December 31, 2021

	Notes	2021 JD	2020 JD
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	7,395,174	7,207,550
Accounts receivable and other debit balances	4	132,903	145,906
Related parties receivable	5	84	431
North Development Company receivable	6	323,250	-
<b>Total Current Assets</b>		<b>7,851,411</b>	<b>7,353,887</b>
<b>Non-current Assets</b>			
Center's employees housing fund	7	2,658,177	2,658,177
Intangible assets	8	45,465	94
Payments on project under construction		32,122	202
North Development Company receivable	6	-	323,250
Property and equipment	9	196,874	315,589
<b>Total Non-current Assets</b>		<b>2,932,638</b>	<b>3,297,312</b>
<b>TOTAL ASSETS</b>		<b>10,784,049</b>	<b>10,651,199</b>
<b>LIABILITIES AND RESERVES</b>			
<b>Current Liabilities</b>			
Account payable and other credit balances	10	1,396,192	1,448,368
Related party payable	5	29,230	-
Deferred revenues		493	602
<b>Total Liabilities</b>		<b>1,425,915</b>	<b>1,448,970</b>
<b>Reserves</b>			
General reserves		2,081,183	464,405
In exchange for property and equipment (Capital)		4,618,774	5,756,397
In exchange for payments on the purchase of Irbid land		-	323,250
In exchange for the Center's employees housing fund debt		2,658,177	2,658,177
<b>Total Reserves</b>		<b>9,358,134</b>	<b>9,202,229</b>
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>10,784,049</b>	<b>10,651,199</b>

## 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, 2021

	Notes	2021	2020
		JD	JD
<b>Revenues</b>			
Securities ownership transfer commission	11	1,903,578	3,466,961
Membership, subscriptions, registration of bonds and corporate bonds fees	12	1,632,497	1,644,891
Charges, fees and fines	13	28,898	27,960
Other revenues, net	14	106,399	93,904
<b>Total revenues</b>		<b>3,671,372</b>	<b>5,233,716</b>
Administrative expenses	15	(2,044,632)	(2,099,760)
Future liabilities and tender expenses		(111,130)	(155,429)
<b>Surplus</b>		<b>1,515,610</b>	<b>2,978,527</b>

## 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, 2021

	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 debt	Total
	JD	JD	JD	JD	JD
Balance as at January 1, 2020	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
<b>Balance as at December 31, 2020</b>	<b>464,405</b>	<b>5,756,397</b>	<b>323,250</b>	<b>2,658,177</b>	<b>9,202,229</b>
Transferred from in exchange for property and equipment to general reserve	1,241,923	(1,241,923)	-	-	-
Transferred from future liabilities and tenders reserve to in exchange for property and equipment	-	104,300	-	-	104,300
Transferred from future liabilities and tenders reserve to general reserve	400	-	-	-	400
Transferred to Ministry of Finance	(1,464,405)	-	-	-	(1,464,405)
Transferred from payments on the purchase of Irbid land reserve to general reserve	323,250	-	(323,250)	-	-
Surplus	1,515,610	-	-	-	1,515,610
<b>Balance as at December 31, 2021</b>	<b>2,081,183</b>	<b>4,618,774</b>	<b>-</b>	<b>2,658,177</b>	<b>9,358,134</b>



## 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, 2021

	2021	2020
	JD	JD
<b>Cash Flows From Operating Activities</b>		
Surplus	1,515,610	2,978,527
<b>Adjustments for:</b>		
Depreciation	131,709	191,894
Amortization	45,578	-
Gains on sale of property and equipment	(5,733)	-
Expected credit losses on brokers and members receivables	124,697	147,002
Recovery of provisions	(74,059)	(61,827)
Future liabilities and tender expenses	111,130	155,429
<b>Changes in operating assets and liabilities:</b>		
Related parties receivable	347	(431)
Accounts receivable and other debit balances	(37,635)	(78,068)
Account payable and other credit balances	(58,606)	64,663
Related party payable	29,230	(12,136)
<b>Net cash from operating activities</b>	<b>1,782,268</b>	<b>3,385,053</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of intangible assets	(90,949)	-
Payments on project under construction	(31,920)	-
Purchase of property and equipment	(13,352)	(35,017)
Proceed from sale of property and equipment	6,091	-
<b>Net cash from investing activities</b>	<b>(130,130)</b>	<b>(35,017)</b>
<b>Cash Flows From Financing Activities</b>		
Deferred revenues	(109)	521
Transferred to Ministry of Finance	(1,464,405)	(3,008,059)
<b>Net cash from financing activities</b>	<b>(1,464,514)</b>	<b>(3,007,538)</b>
<b>Net change in cash and cash equivalents</b>	<b>187,624</b>	<b>342,498</b>
Cash and cash equivalents - beginning of year	7,207,550	6,865,052
<b>Cash and cash equivalents - end of year</b>	<b>7,395,174</b>	<b>7,207,550</b>
<b>Information about non-cash transaction</b>		
Transferred from tender and future liabilities to property and equipment (Capital)	104,300	20,895
Transferred from property and equipment (Capital) to general reserve	400	14,122
Transferred from payments on the purchase of Irbid land reserve to general reserve (Capital)	323,250	-

## 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, 2021

#### 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 23, 2022.

#### 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, 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 IFRS 16 Covid-19-related Rent Concessions.	<p>As a result of the COVID19- pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.</p> <p>In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.</p> <p>Main Changes :</p> <ul style="list-style-type: none"> <li>• Permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021).</li> <li>• Require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.</li> </ul>	June 1, 2020 / April 1, 2020
Interest Rate Benchmark Reform Phase 2 Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39.	<p>In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.</p> <p>The Phase 2 amendments provide the following reliefs:</p> <ul style="list-style-type: none"> <li>• When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.</li> <li>• The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.</li> </ul>	January 1, 2020
Amendments to IFRS 1 Subsidiary First-time Adoption of International Financial Reporting Standards.	<p>Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.</p>	January 1, 2022

## Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
IFRS (17) Insurance Contracts.	<p>IFRS (17) was issued in May 2017 as replacement for IFRS (4) Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period.</p> <p>Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> <li>• Discounted probability-weighted cash flows</li> <li>• An explicit risk adjustment, and</li> <li>• A contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.</li> </ul> <p>IFRS (17) requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.</p>	January 1, 2023 (deferred from January 1, 2021).
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
Reference to the Conceptual Framework (Amendments to IFRS 3).	Minor amendments were made to IFRS 3 to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 1, 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).	The amendments specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	January 1, 2022
IFRS Standards 2018-2020	Annual Improvements to IFRS 9, IFRS 16, IFRS 1 and IAS 41.	January 1, 2022

## Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
Classification of Liabilities as Current or Non-Current Amendments to IAS (1).	<p>The amendments to Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date.</p> <p>The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.</p>	January 1, 2023 (deferred from January 1, 2022)
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).	<p>The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, International Accounting Standards Board (IASB) has also developed guidance and examples to explain and demonstrate the application of the “four-step materiality process” described in IFRS Practice Statement 2. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement (2). The amendments are to be applied prospectively</p>	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8).	<p>On February 12, 2021, the International Accounting Standards Board (IASB) published “Definition of Accounting Estimates”.</p> <p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.</p>	January 1, 2023

## 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:
  1. Cash.
  2. An equity instrument of another entity.
  3. 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.
  4. 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:
  1. 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
  2. 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 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%
Office equipment	20
Computers	35
Vehicles	15
Furniture	20
Building	5

- 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

	2021	2020
	JD	JD
Current account at Central Bank	7,391,035	7,207,550
Current accounts at bank	4,139	-
<b>Total</b>	<b>7,395,174</b>	<b>7,207,550</b>

### 4. Accounts receivable and other debit balances

	2021	2020
	JD	JD
Brokers and members receivables	1,040,777	990,139
Less: allowance for expected credit losses on brokers and members receivable (*)	(1,040,777)	(990,139)
<b>Net brokers and members receivables</b>	<b>-</b>	<b>-</b>
Prepaid expenses	75,611	68,336
Other receivables	29,456	12
Checks under collection	16,000	18,000
Accrued revenues	7,579	7,604
Refundable deposits	2,132	2,132
Prepayments to suppliers	1,455	49,160
Work advance	670	662
<b>Total</b>	<b>132,903</b>	<b>145,906</b>

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

	2021	2020
	JD	JD
Beginning of year balance	990,139	904,964
Provided during the year	124,697	147,002
Recovery of allowance for brokers and members receivables	(74,059)	(61,827)
<b>End of year balance</b>	<b>1,040,777</b>	<b>990,139</b>

### 5. Related parties

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

	2021	2020
	JD	JD
Jordan Securities Commission	84	282
Amman Stock Exchange	-	149
<b>Total</b>	<b>84</b>	<b>431</b>

b. The related party payable represents Amman Stock Exchange.

## 6. North Development Company receivable

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 on December 30, 2009 with North Development Company, 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. And on the basis of the decision of the Center's Board of Directors No. (36/2019) at its meeting held on July 17, 2019, it was decided to 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 No. (38/2020) at 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, On December 6, 2021, an agreement to dismiss the sale and development contract was signed, and the North Development Company transferred the entire value that was received as payments for the purchase of Irbid Developmental land, amounting to JD 323,250 on January 30, 2022.

## 7. Center's employees housing fund

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

## 8. Intangible assets

2021	Computer Softwares
Cost	JD
Balance - beginning of year	877,103
Additions	90,949
<b>Balance - end of year</b>	<b>968,052</b>
<b>Accumulated amortization</b>	
Balance - beginning of year	877,009
Amortization	45,578
<b>Balance - end of year</b>	<b>922,587</b>
<b>Net</b>	<b>45,465</b>
<b>2020</b>	
<b>Cost</b>	
Balance - beginning of year	877,103
<b>Balance - end of year</b>	<b>877,103</b>
<b>Accumulated amortization</b>	
Balance - beginning of year	877,009
<b>Balance - end of year</b>	<b>877,009</b>
<b>Net</b>	<b>94</b>

## 9. Property and equipment

	Lands (*)	Office equipment	Computers	Vehicles	Furniture	Building (*)	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Cost</b>							
Balance - beginning of year	152,916	359,925	2,433,439	152,136	147,017	1,633,861	<b>4,879,294</b>
Additions	-	12,886	466	-	-	-	<b>13,352</b>
Disposals	-	(122,073)	(1,119,849)	-	-	-	<b>(1,241,922)</b>
<b>Balance - end of year</b>	<b>152,916</b>	<b>250,738</b>	<b>1,314,056</b>	<b>152,136</b>	<b>147,017</b>	<b>1,633,861</b>	<b>3,650,724</b>
<b>Accumulated depreciation</b>							
Balance - beginning of year	-	328,823	2,359,644	150,589	145,521	1,579,128	<b>4,563,705</b>
Depreciation	-	11,747	64,509	240	481	54,732	<b>131,709</b>
Disposals	-	(121,877)	(1,119,687)	-	-	-	<b>(1,241,564)</b>
<b>Balance - end of year</b>	<b>-</b>	<b>218,693</b>	<b>1,304,466</b>	<b>150,829</b>	<b>146,002</b>	<b>1,633,860</b>	<b>3,453,850</b>
<b>Net</b>	<b>152,916</b>	<b>32,045</b>	<b>9,590</b>	<b>1,307</b>	<b>1,015</b>	<b>1</b>	<b>196,874</b>
<b>2020</b>							
<b>Cost</b>							
Balance at beginning of year	152,916	338,748	2,421,199	150,536	147,017	1,633,861	<b>4,844,277</b>
Additions	-	21,177	12,240	1,600	-	-	<b>35,017</b>
<b>Balance at end of year</b>	<b>152,916</b>	<b>359,925</b>	<b>2,433,439</b>	<b>152,136</b>	<b>147,017</b>	<b>1,633,861</b>	<b>4,879,294</b>
<b>Accumulated depreciation</b>							
Balance at beginning of year	-	316,594	2,262,540	150,530	144,936	1,497,211	<b>4,371,811</b>
Depreciation	-	12,229	97,104	59	585	81,917	<b>191,894</b>
<b>Balance at end of year</b>	<b>-</b>	<b>328,823</b>	<b>2,359,644</b>	<b>150,589</b>	<b>145,521</b>	<b>1,579,128</b>	<b>4,563,705</b>
<b>Net</b>	<b>152,916</b>	<b>31,102</b>	<b>73,795</b>	<b>1,547</b>	<b>1,496</b>	<b>54,733</b>	<b>315,589</b>

(\*) 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. Accounts Payable and other credit balance

	2021	2020
	JD	JD
Tender and future liabilities provision (*)	1,260,060	1,253,630
Accrued expenses	70,412	64,211
Accrued Board of Directors remunerations	23,071	28,541
Accounts payable	20,247	9,340
Unearned revenues	17,590	46,249
Income and sales tax deposits	3,123	1,578
Employees deposits	1,537	18,138
Other deposits	152	15
Contractors retentions	-	26,666
<b>Total</b>	<b>1,396,192</b>	<b>1,448,368</b>

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

	2021	2020
	JD	JD
Beginning of year balance	1,253,630	1,119,096
Transferred to in exchange for property and equipment (Capital)	(104,300)	(20,895)
Transferred to general reserve	(400)	-
Provided during the year	111,130	155,429
<b>End of year balance</b>	<b>1,260,060</b>	<b>1,253,630</b>

## 11. Securities ownership transfer commission

	2021	2020
	JD	JD
Traded securities (*)	1,627,534	872,381
Securities excluded from trading (**)	276,044	2,594,580
<b>Total</b>	<b>1,903,578</b>	<b>3,466,961</b>

(\*) The center collects a trading commission for transfer of ownership of the securities traded in the market at the rate of (0.0004) of the market value of the securities and from each party of the contract.

(\*\*) The Center collects a trading commission for transferring the ownership of the securities of the transactions excluded from trading through the market at the rate of (0.002) of the market value and from one party, with a minimum of 250 fils, in any of the following cases:

- Family transfers that take place between ascendants and descendants, between brothers, and between spouses.
- The gift from securities to religious, charitable or social entities registered with the official authorities.
- Division of the securities jointly owned.

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

	2021	2020
	JD	JD
Annual subscriptions and membership fees (*)	1,480,080	1,500,183
Registration of bonds fees (**)	135,333	124,708
Registration of islamic instrument fees (***)	17,084	20,000
<b>Total</b>	<b>1,632,497</b>	<b>1,644,891</b>

(\*) The Center collects from its members annual subscription fees as follows:

- (500) dinars from the broker.
- (500) dinars from the custodian.
- (0.0005) dinars of the subscribed capital with a minimum of (1,250) JD and a maximum of (10,000) JD from public shareholding companies and private shareholding companies.

(\*\*) The Center collects annual fees for bonds and loans registration of (500) JD for each issue.

(\*\*\*) The Center collects annual fees for the registration of Islamic financing instruments at a rate of (0.0003) JD of the nominal value of each issue, with a minimum of (1,000) JD and a maximum of (5,000) JD.

## 13. Charges, fees and fines

	2021	2020
	JD	JD
Direct connection fees	8,500	8,500
Security owner services fees	7,736	5,970
Security issuer fees	5,890	6,207
Transfer and open accounts fees and brokers fines	3,661	4,710
Bank transfer fees	3,111	2,573
<b>Total</b>	<b>28,898</b>	<b>27,960</b>

## 14. Other revenues, net

	2021	2020
	JD	JD
Recovery of provisions	74,059	61,827
Management allowance of Settlement Guarantee Fund (*)	24,900	25,000
Gains on sale of property and equipment	5,733	-
Sale of tenders copies and tender delay execution fines	900	-
Other	807	7,077
<b>Total</b>	<b>106,399</b>	<b>93,904</b>

(\*) This amount shall be calculated in the basis of article No. (7/B) of the bylaws of Settlement Guarantee Fund's 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

	2021	2020
	JD	JD
Salaries, wages and related benefits	1,020,185	1,056,014
Maintenance	224,455	190,880
Depreciation	131,709	191,894
Expected credit losses on brokers and members receivable	124,697	147,002
Electricity and water	124,594	143,213
Social security contribution	121,545	126,808
Communications	56,971	54,981
Amortization	45,578	-
Board of directors remunerations and transportation	40,612	44,948
Rents	39,667	39,681
Cleaning	18,513	20,379
Security	15,002	15,002
Professional fees	14,730	11,060
Bank expenses	12,402	14,951
Subscriptions	9,056	9,410
Center's contribution to saving fund	8,195	7,661
Miscellaneous	7,048	6,239
Stationery and printings	6,917	6,049
Fuel	6,000	2,813
Legal fees	3,670	1,550
Hospitality	2,884	1,656
Insurance	2,870	3,345
Training	2,684	350
Board of directors secretary fees	2,400	2,400
Advertisement	1,254	-
Vehicles expenses	994	1,474
<b>Total</b>	<b>2,044,632</b>	<b>2,099,760</b>

## 16. Legal cases

The value of legal cases raised by other against Securities Depository Center and other parties amounting to JD 41,031,100 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.

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

	Less than one year		One year and more	
	2021	2020	2021	2020
	JD	JD	JD	JD
<b>Financial assets:</b>				
Cash and cash equivalents	7,395,174	7,207,550	-	-
Accounts receivables and other debit balances	55,837	28,410	-	-
Related parties receivables	84	431	-	-
Center's employee housing fund	-	-	2,658,177	2,658,177
North Development Company receivable	-	-	-	323,250
<b>Total</b>	<b>7,451,095</b>	<b>7,236,391</b>	<b>2,658,177</b>	<b>2,981,427</b>
<b>Financial liabilities:</b>				
Account payable and other credit balances	118,542	148,489	-	-
Related party payable	29,230	-	-	-
<b>Total</b>	<b>147,772</b>	<b>148,489</b>	<b>-</b>	<b>-</b>

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## 18. Covid19- 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 total ban from March 17, 2020 to May 10, 2020.

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