



ANNUAL
REPORT **2022**

مركز إيداع الأوراق المالية
Securities Depository Center



His Majesty
King Abdullah II
Bin Al Hussein

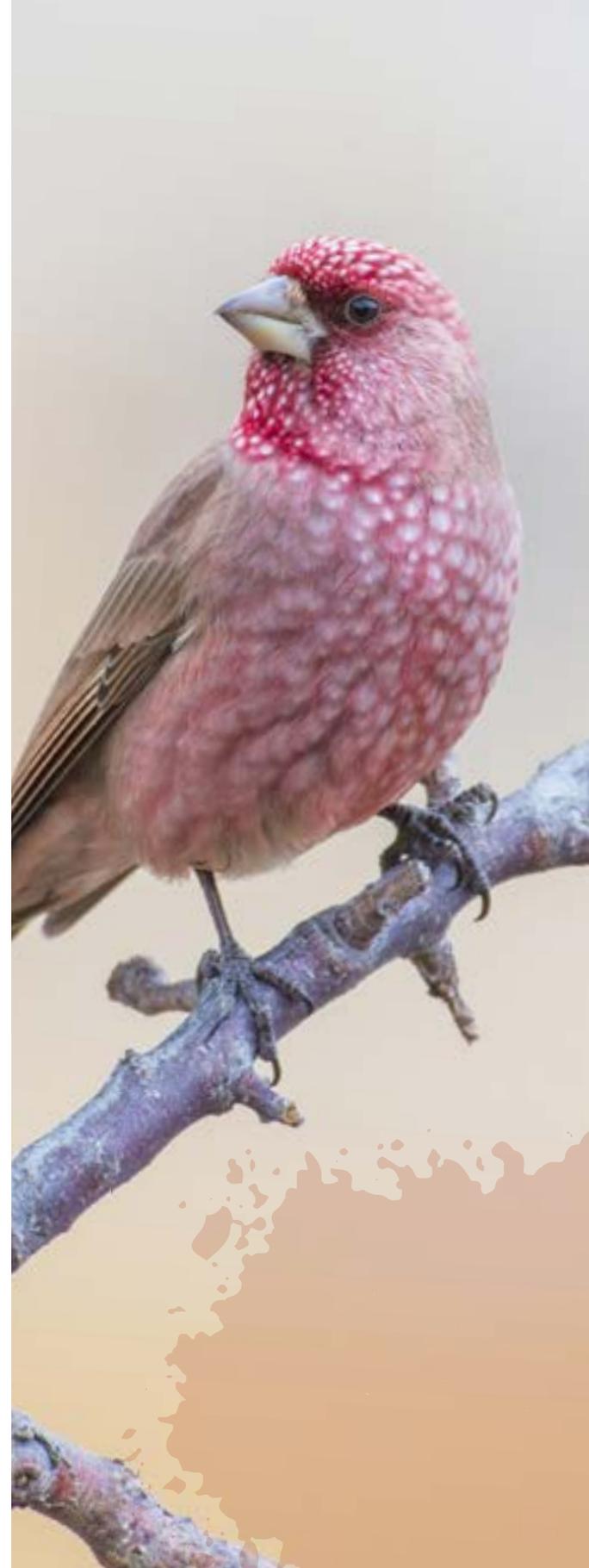


His Royal highness Crown
**Prince Hussein Bin
Abdullah II**



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INTRODUCTION

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,

I am pleased to welcome all of you to the twenty-fifth annual meeting of the General Assembly of the Securities Depository Center (SDC), and present to you the annual report for the year (2022), which includes a summary of the most important achievements of the SDC, and its future aspirations and plans derived from relentless national priority to modernize the economic sector in light of the royal vision to modernize the economic system, as it is the main pillar for advancing sustainable development in order to achieve prosperity for the country and society. In the year 2022, the SDC sought to employ all its human, technical and financial capabilities in serving customers in securities and its members. This was embodied by continuing to provide integrated packages of services and operations according to the best and simplest procedural applications and in line with the international standards applied in the financial markets, which aimed at stabilizing and enhancing the levels of growth and development for the tasks, functions and services of the SDC.

Accordingly, the SDC started the year (2022) by approving its strategic plan for the coming years and starting successively to develop the necessary executive plans to implement the various projects and work programs that the SDC seeks to evaluate alongside the capital market institutions, the Jordan Securities Commission and the Amman Stock Exchange, in a way that serves the public interest. It is beneficial to investors in securities and reflects the professional image that the SDC strives to maintain and develop.

It is worth mentioning that the SDC has completed in the year (2022) several projects and executive work programs that included continuing to develop its electronic systems to keep pace with developments related to dealing in securities and to meet the requirements of its members from public shareholding companies and those licensed to practice financial brokerage business and custody. In this context, the SDC has paid attention to auditing its technical environment and obtaining assurances about the integrity of the system of communication networks, databases and electronic systems, with the standards that financial institutions must adopt for that purpose. The SDC through a licensed technical auditing company conducted a comprehensive technical audit of all components of its electronic environment to achieve this end.



The SDC also coordinated with the National Center for Cybersecurity to obtain many technical security services that would ensure the preservation and enhancement of the integrity, availability of information and data and reduce any associated risks in this aspect. Moreover, the SDC takes the necessary procedures to implement its development plans related to its electronic systems by developing its website on the Internet to be a modern and attractive site for investors to provide them with all the information they need according to the latest technological means and applications in this field.

In addition, during the year (2023) the SDC has initiated the process of developing e-portfolio service to be in the form of an application, within simplified and smooth procedures that enable the investor to obtain this service easily, and based on the SDC's belief to provide a suitable environment for employees and the public alike, the SDC has developed the public service hall with the aim of unifying the reference for providing services to the public in one place that includes all technical and administrative equipment that guarantees the reception and implementation of transactions within the highest professional standards.

The SDC will also strive in the year (2023) and the coming years to fulfill its mission to achieve its comprehensive vision by continuing to implement the various projects and work programs specified in its strategic plan in coordination and cooperation with capital market institutions and in a way that serves the requirements of achieving the interest of capital market institutions in particular and the economy of the Hashemite Kingdom of Jordan in general.

In conclusion, I extend my sincere thanks and great gratitude to those in charge of the management of the Jordan Securities Commission and the Amman Stock Exchange Company, and I also express my sincere thanks and gratitude to all members of the General Assembly of the Securities Depository Center for their continuous support to us, and to all members of the Board of Directors of the Center and its employees, for their constant endeavor to develop the Jordanian national economy under the patronage of His Majesty the Hashemite King Abdullah II Ibn Al-Hussein, may Allah protect him.

Muna Fawzi Al-Mufti
Chairman



Illuminations For the Year 2022

As at the end of 2022

The number of members of the SDC

280

members



The number of issued securities

7.42

billion securities



The total value of the issued securities

20.97

billion JOD



The number of deposited securities

7.38

billion securities



The total value of the deposited securities

20.85

billion JOD



During 2022

Trading volume

2

billion JOD



The number of investors identified on the SDC's database

11,609

investors



Number of the accounts defined

18,817

accounts



The number of companies increases its capital

12

companies



The number of securities that increased as a result of the capital increase

145

million shares



5
companies



The number of companies decreases its capital

26
million shares



The number of decreased securities

1*
merger



The number of merger transactions

63*
million shares



The share capital increase resulting from merger

31,113
transactions



The number of transactions exempted from trading through the market

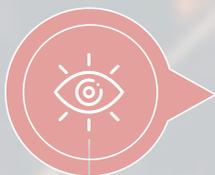
158
million securities



The number of transferred securities

* Merger is conducted between Societe Generale De Banque - Jordanie (merged company) and the Capital Bank of Jordan (merging company).





Our Vision

A distinguished institution for providing and developing Securities services which contributes in enhancing safe, stable and attractive environment for investment.



Our Mission

Safekeeping, Transfers, Clearance and Settlement of Securities in compliance with international standards and best practices, and improving the level of services, relying on qualified human resources, advanced technology and a culture of excellence.



Our Core Values

- Integrity and the Rule of Law
- Security and Confidentiality of Information
- Accuracy
- Transparency
- Excellence in Performance
- Professionalism



Our Objectives

- 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.



Overview of the SDC

Establishment and Responsibilities

The SDC commenced operation in May 1999 and is legally empowered by virtue of the Securities Law to oversee the following responsibilities:

- Registration of securities
- Transferring of ownership and safekeeping of securities
- Depositing of securities
- Clearing and settlement of securities

SDC's Management

A- Board of Directors

The board of directors consists of five members. Two members of the board 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 establish the necessary internal by-laws and instructions to direct the SDC's affairs.

The SDC's Board of Directors is composed of:



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

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

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

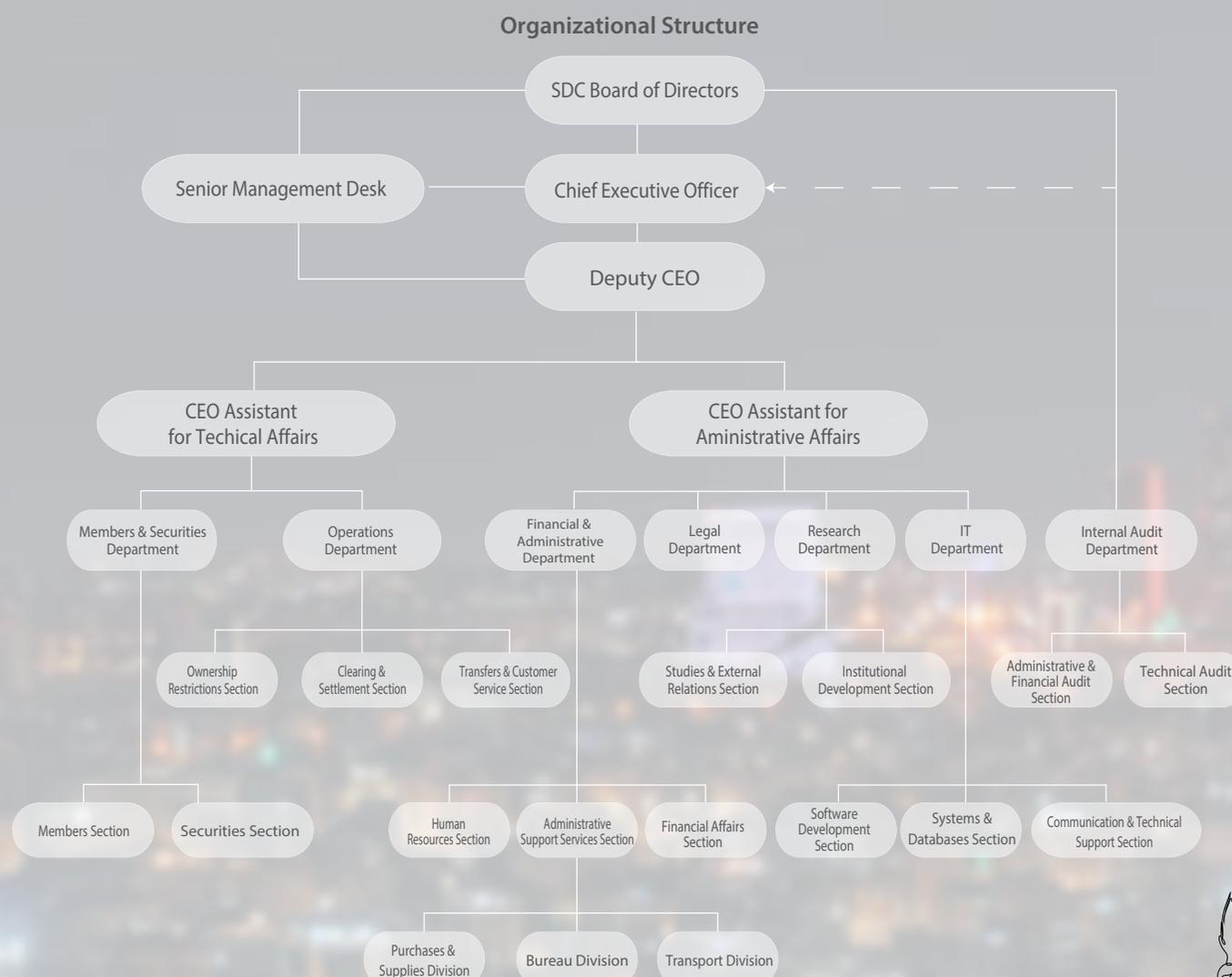
(4) The SDC's Board of Directors decided in its meeting on 06/03/2022 to appoint Mrs. Sarah Tarawneh as a full time CEO of the SDC as of 16/03/2022.



B-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.

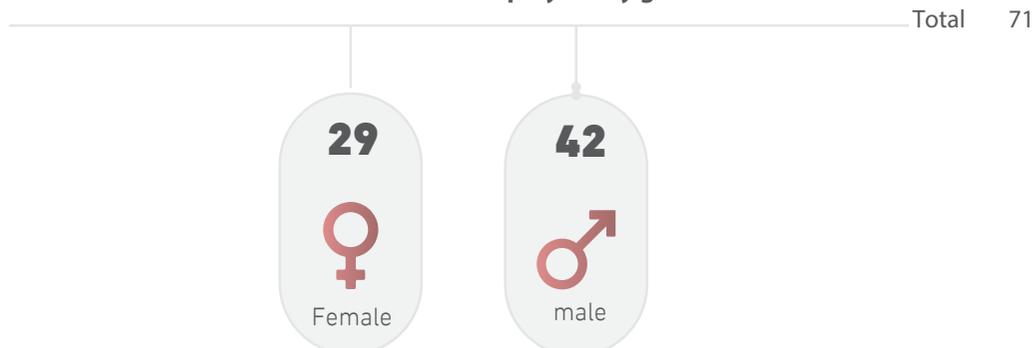
The SDC conducts its operations through different departments and sections based on transparent institutional methods with the application of the international standards and best practices, where the SDC consists of seven departments. Below is an illustration of the SDC's organizational structure:



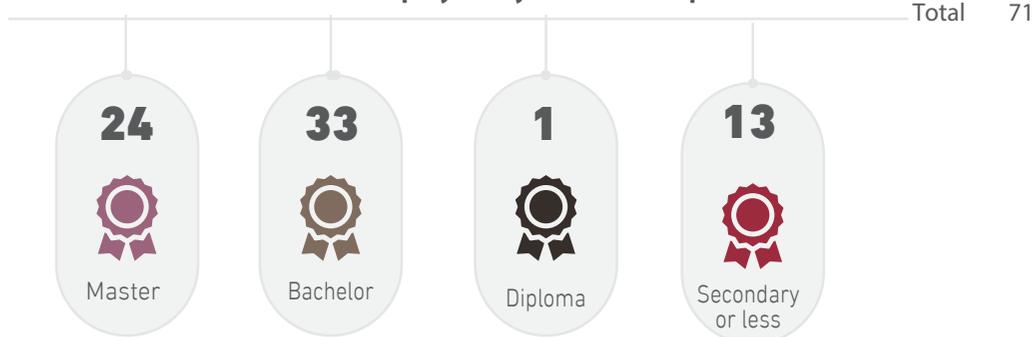
Human Resources

The SDC has a continuous concern in the development of its human resources and its performance. The following are graphs illustrating the composition of human resources, where the SDC has (71) employees as of 31/12/2022.

Distribution of employees by gender



Distribution of employees by educational qualification



Distribution of employees by age group



SDC's Members

The graph shows SDC's General Assembly Members as of 31/12/2022



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 Exchange (FEAS)



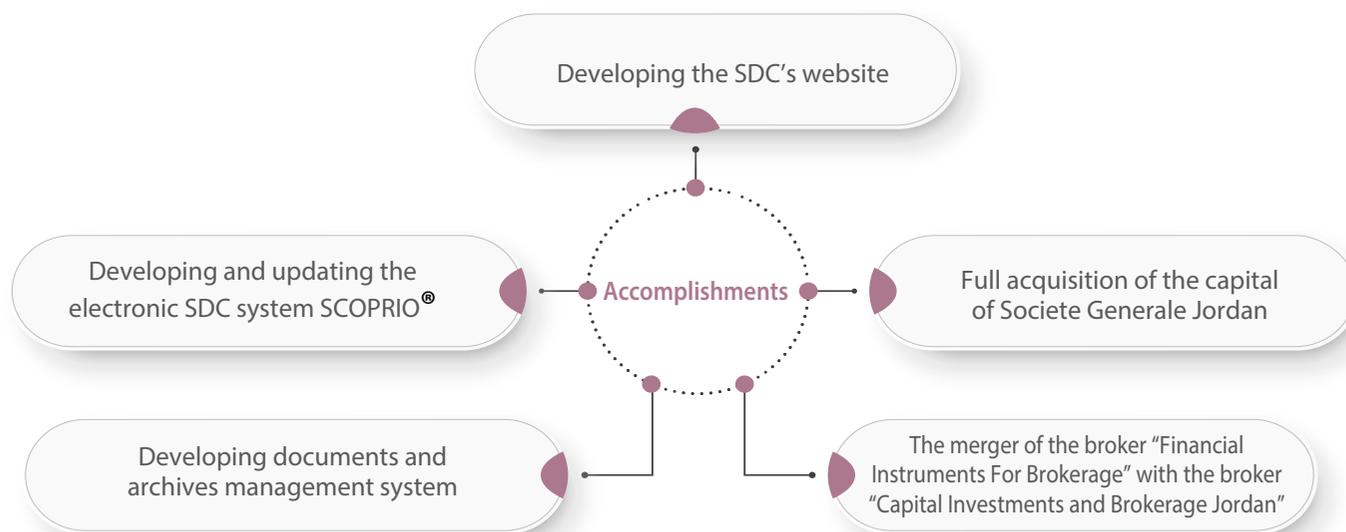
SDC's Website





Major Events

SDC's Accomplishments in 2022



Developing the SDC's website

The SDC has completed the preparation of functional and technical studies necessary to develop the website in accordance with international technical standards for websites. Work is currently underway to design the new website in cooperation with the concerned company. The SDC will launch its new website during the next year.

Developing and updating the electronic SDC system SCOPRIO®

The SDC is developing the SCOPRIO® electronic system to keep pace with recent and renewed developments in the SDC's business and the requirements of the Jordanian capital market, which contributed positively to saving time and effort to deal with the system's applications easily. Several updates were developed and introduced, the most important were: modification the way of the investor identification in the SDC's electronic system to meet the SDC's emerging requirements and needs and aim to improve the SDC's electronic systems and keep pace with changes and needs.



Developing documents and archives management system

The SDC completed the project of developing a documents and archives management system by adopting applications specialized in managing and archiving documents in accordance with the international standards and best practices. This system 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.

Full acquisition of the capital of Societe Generale Jordan

The SDC has completed the process of the full acquisition of the capital of Societe Generale De Barque (Jordanie) by the Capital Bank of Jordan, as the ownership is 100% of the shares owned by the selling bank to the buyer bank on the date of decision-making with high efficiency. Noting that the acquisition transaction of all the capital of public shareholding companies is carried out directly through the SDC in accordance with Article (222/B) of the Companies Law, Article (93/I) of the SDC Instructions of Registration, Deposit and Settlement of Securities, and the approval of the Board of Commissioners of the Jordan Securities Commission, in addition to the approvals issued by other official authorities.

The merger of the broker "Financial Instruments For Brokerage" with the broker "Capital Investments and Brokerage Jordan"

During 2022, the SDC completed the process of transferring the accounts of the merged broker's clients (Financial Instruments For Brokerage) and transferring them to the control of the merging broker (Capital Investments and Brokerage Jordan) within the framework of implementing the completed merger between the two brokers at the Companies Control Department based on the provisions of the Companies Law, where the accounts and the balances of the securities and the ownership restrictions related to them were transferred in a smooth manner, as it did not lead to confusion or interruption of the work of the merging broker, and this process is considered one of the specific operations that the SDC has not historically implemented.



Training

A number of employees participated in the several training courses related to the digital transformation, total quality management, change management, cybersecurity, risk and crisis management, development of supervisory positions, decision-making and strategic planning, in addition to many training programs specialized in qualifying employees of the Information Technology Department.

The SDC also organized, in cooperation with the National Center for Cyber Security, an educational workshop on "Cyber Security" with the aim of raising the level of employees' awareness of the importance of information security and integrity, cyber security policies, threats facing information security, and ways to deal with and protect them. The Jordan Securities Commission and the Amman Stock Exchange participated in this workshop.

Local Delegations

The SDC participated, along with the Jordan Securities Commission and the Amman Stock Exchange, in the meeting with the Jordanian Senate. The meeting aimed to review the most important developments in the national capital market and the measures taken by capital market institutions to develop the regulatory and technical frameworks in the market in order to enhance the investment climate, in addition to participation in the meeting held for capital market institutions with the House of Representatives.

International Relations

On the external relations level with all organizations and associations related to capital markets, the SDC is highly concern to participate in the meetings and conferences that were held in 2022:

The 36th meeting of the Federation of Euro Asian Stock Exchanges (FEAS) which was held in Cairo – Egypt on 12-13/12/2022.

- The 36th meeting of the Africa and Middle East Depositories Association (AMEDA) which was held remotely on 19/12/2022.
- The 35th meeting of the Africa and Middle East Depositories Association (AMEDA) which was held remotely on 15/02/2022.
- The ANNA extraordinary general meeting which was held in Antigua – Guatemala on 30/11/2022 – 02/12/2022.
- The ANNA ordinary general meeting which was held in Brussels - Belgium on 01-03/06/2022.

To enhance the SDC's approach to strengthen the ties of cooperation and communication with the Arab capital markets, the SDC received delegations with the aim of reviewing the experience of the SDC in the field of registering, depositing, safe-keeping and transferring ownership of securities, and clearing and settlement operations:

- Iraqi Securities Commission
- Palestine Stock Exchange
- Damascus Securities Exchange

The SDC received many global custodians as part of the continuous Market Due Diligence visits that are conducted on behalf of their clients to discuss issues regarding the market, the regulations, and any changes or plans for future development.





SDC's Performance

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 2022.

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.

During the year 2022, the SDC registered and redeemed a number of government bonds, corporate bonds, and sukuk.

The table represents registered government securities, corporate bonds, and Islamic Sukuk during the year 2022

Issuer Name	Security Type	Security Category	Currency	No. of Issues	Total Value (million)
Government of the Hashemite Kingdom of Jordan	Bonds	Treasury Bonds	JOD	42	3.6
	Bonds	Treasury Bills	JOD	16	1,400
	Bonds	Treasury Bonds	USD	1	500
	Bonds	Treasury Bills	USD	3	870
	Bonds	Public Entity Bonds	USD	1	400
Jordan Mortgage Refinance	Bonds	Corporate Bonds	JOD	15	161
Jordan Trade Facilities	Bonds	Corporate Bonds	JOD	1	6.5
Arab International Hotels	Bonds	Corporate Bonds	JOD	1	4.7
Jordan Ahli Bank	Bonds	Corporate Bonds	JOD	1	20
National Electric Power	Bonds	Public Entity Bills	JOD	3	200
	Islamic Sukuk	Murabaha	JOD	4	375
Jordan Islamic Sukuk Company For Financing Governmental Project	Islamic Sukuk	Any Other Contact	JOD	1	200



The table represents redeemed government securities, corporate bonds, and Islamic Sukuk during the year 2022

Issuer Name	Security Type	Security Category	Currency	No. of Issues	Total Value (million)
Government of the Hashemite Kingdom of Jordan	Bonds	Treasury Bonds	JOD	34	2,800
	Bonds	Treasury Bonds	USD	1	500
	Bonds	Treasury Bills	JOD	9	875
	Bonds	Treasury Bills	USD	2	440
	Bonds	Public Entity Bills	USD	1	400
	Bonds	Individual Bonds	JOD	1	11
Water Authority of Jordan	Bonds	Public Entity Bills	JOD	2	100
Jordan Mortgage Refinance	Bonds	Corporate Bonds	JOD	14	128.5
Jordan Trade Facilities	Bonds	Corporate Bonds	JOD	1	5.3
Arab International Hotels	Bonds	Corporate Bonds	JOD	1	10
Jordan Ahli Bank	Bonds	Corporate Bonds	JOD	1	25
Bindar Trading & Investment	Bonds	Corporate Bonds	JOD	1	3
National Electric Power	Bonds	Public Entity Bonds	JOD	3	225
	Islamic Sukuk	Murabaha	JOD	1	75

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

The SDC registered the increase shares for (12) public shareholding companies, with a total of (145) million shares, and the decrease the capital of (5) public shareholding companies, with a total of (26) million shares.



The table represents companies that increased their capital during the year 2022

Increase mechanism	Company name	Amount of increase	Capital before increase	Capital after increase
Capitalization	Gulf Insurance Group - Jordan	561,748	25,438,252	26,000,000
	Jordan Mortgage Refinance	2,500,000	10,000,000	12,500,000
	Comprehensive Leasing	5,000,000	10,000,000	15,000,000
	Amman Stock Exchange	1,251,800	4,774,525	6,026,325
	Ad Dulayl Industrial Park & Real Estate	648,900	21,630,000	22,278,900
Private Subscription	Capital Bank of Jordan	63,037,122	200,000,000	263,037,122
	United Financial Investments	2,000,000	8,000,000	10,000,000
	Middle East Holding	16,538,971	500,000	17,038,971
	Jordan Wood Industries (jwico)	400,000	1,000,000	1,400,000
	Elzay Ready Wear Manufacturing	2,761,691	17,238,309	20,000,000
	Middle East Complex For Engineering, Electronics & Heavy Industries	9,636,545	44,923,120	54,559,665
The Jordanian Pharmaceutical Manufacturing	44,444,444	25,312,500	69,756,944	
Total		148,781,221	368,816,706	517,597,927

The table represents companies that decreased their capital during the year 2022

Decrease mechanism	Company name	Amount of decrease	Capital before decrease	Capital after decrease
Excess cash distributed to the shareholders	Offtec Holding Group	1,013,740	35,863,740	34,850,000
	Almehanya For Real Estate Investments & Housing	4,012,800	33,440,000	29,427,200
	Jordan Emirates Dimensions For Commercial Investment	2,248,695	2,748,695	500,000
Decreasing the treasury shares	Offtec Holding Group	120,500	39,690,000	39,569,500
Redemption of the entire balance of the rotated losses	Offtec Holding Group	3,705,760	39,569,500	35,863,740
Redemption of accumulated losses and redemption of losses of exchange rate of the foreign currencies and accumulated change in the fair value	Emmar Investments & Real Estate Development	10,000,000	20,000,000	10,000,000
Redemption part of the accumulated losses	Union Tobacco & cigarette Industries	5,120,568	15,083,657	9,963,089
Total		26,222,063	110,962,352	84,740,289



Since the SDC membership is mandatory for public shareholding companies, brokers and custodians, the SDC terminated the membership of (6) public shareholding companies during the year 2022. Thus, the total number of public shareholding companies was (228) companies as of 31/12/2022.

On the other hand, the SDC terminated the membership of (2) brokerage companies, thus, the total number of brokers at the SDC was (57) companies. The SDC also terminated the membership of (1) custodial company. Thus, the total number of custodians was (17) companies. Accordingly the total number of the SDC members is (280) of public shareholding companies, brokers and custodians as of 31/12/2022.

The table represents the name of the public shareholding companies that are terminated its membership at the SDC during 2022

Type of member	Name of member	The reason of membership termination at the SDC
1 Public shareholding companies	International Company for Medical Investments	Transformation of legal form
	National Chlorine Industries	Transformation of legal form
	Al-bilad Medical Services	Transformation of legal form
	National Poultry	Transformation of legal form
	Holy Land Insurance	Issuance of liquidation decision from Central Bank of Jordan
	Societe Generale De Banque (Jordanie)	Merged in Capital Bank of Jordan
2 Broker	Al Fares Financial Investments	Voluntary Liquidation
	Financial Instruments For Brokerage	License deleted as it merged in broker "Capital Investments and Brokerage Jordan
3 Custodian	Banque Audi	License deleted

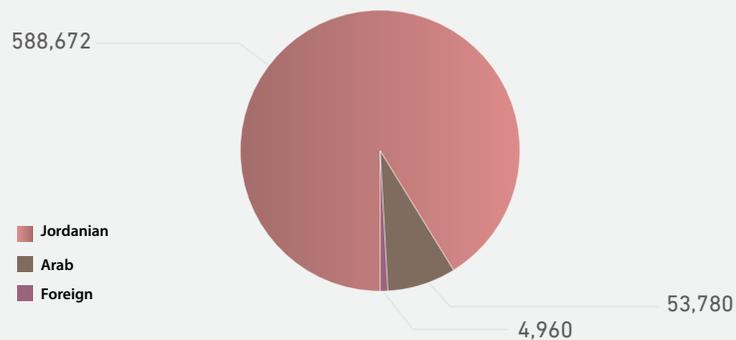
Investor Identification and Account Set-Up

During the year 2022, the SDC defined (11,609) investors, the total number of investors identified on the SDC's database was (655,121) investors, of which (593,365) Jordanians, (54,573) Arabs and (7,183) foreign.

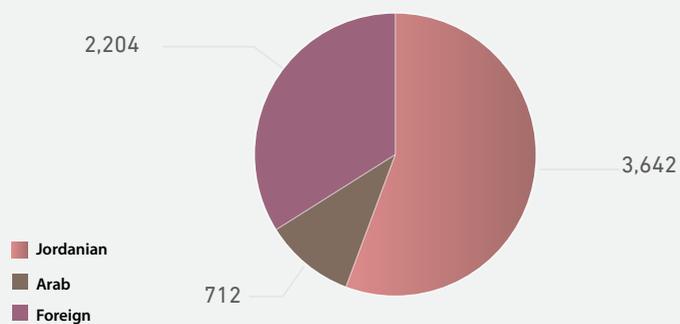


The graph shows the identified investors on the SDC's database at the end 2022 according to the nationality classification

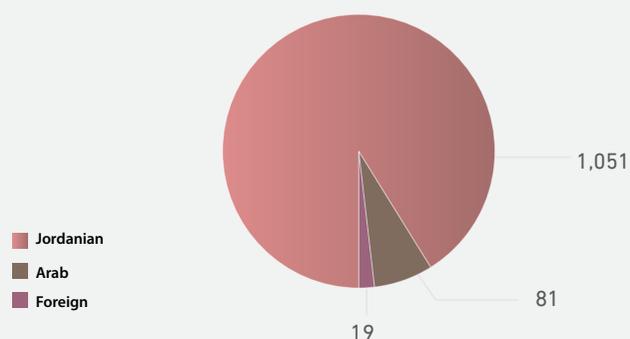
Individual investors by nationality classification



Juridical investors by nationality classification



Joint investors by nationality classification



Depositing Securities

The number of registers of securities deposited at the SDC was (299) registers as of 31/12/2022 of which (228) shares, (64) bonds and (7) Islamic Sukuk.

The table represents an analysis of registered ownership as of 31/12/2022

Status	Deposited	Non-deposited	Deposit %	Total
No. Owners	546,082	71,782	88.38	617,864
No. Securities	7,380,732,216	35,067,461	99.53	7,415,799,677
Total Value	20,845,559,104.81	125,604,561.64	99.40	20,971,163,666.45



The table represents an analysis of deposited ownership as of 31/12/2022

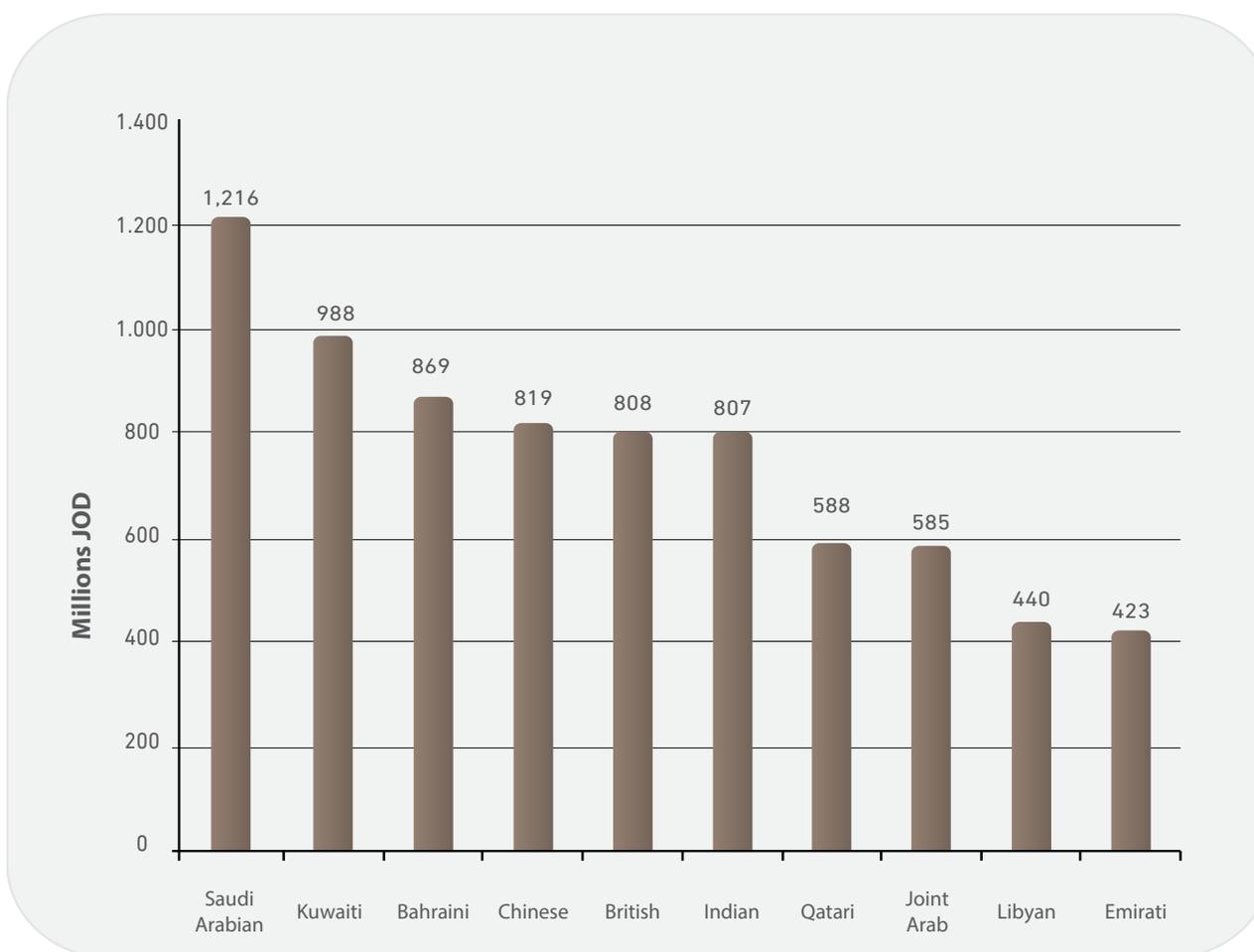
Investor Type	Investor Category	Ownerships		Investors		Securities		Total Value	
		No.	%	No.	%	No.	%	Amount in JOD	%
Natural	Males	310,715	56.899	148,877	54.786	2,170,572,626	29.409	3,431,174,428.82	16.460
	Females	230,528	42.215	121,135	44.577	584,472,295	7.919	1,156,793,602.48	5.549
Total		541,243	99.114	270,012	99.363	2,755,044,921	37.328	4,587,968,031.30	22.009
Juridical	Companies	3,762	0.689	1,317	0.485	3,764,642,804	51.006	12,225,429,165.01	58.648
	Mutual Funds	396	0.073	89	0.033	47,058,946	0.638	180,293,542.93	0.865
	Institutions	218	0.040	36	0.013	628,827,027	8.520	2,563,062,557.38	12.295
	Governments	74	0.014	12	0.004	138,319,146	1.874	1,062,877,374.70	5.099
	Organizations	154	0.028	76	0.028	37,413,069	0.507	176,961,002.90	0.849
	Municipalities	31	0.006	29	0.011	7,029,453	0.095	38,852,827.08	0.186
	Waqf	12	0.002	6	0.002	820,747	0.011	3,725,669.88	0.018
	Associations	10	0.002	3	0.001	518,438	0.007	1,556,599.15	0.007
	Religious Sects	9	0.002	4	0.001	848,658	0.011	4,128,648.51	0.020
	Total		4,666	0.854	1,572	0.578	4,625,478,288	62.670	16,256,887,387.54
Joint	Joint	173	0.032	160	0.059	209,007	0.002	703,685.97	0.004
Deposited Grand Total		546,082	100	271,744	100	7,380,732,216	100	20,845,559,104.81	100



Ownership of the ten highest nationalities

The value of ownership for all securities register at the SDC for the year 2022 is (JOD 7.4) billion shares with a total value of (JOD 20.3) billion in which the ownership of Jordanians recorded the first rank of approximately (5) billion shares with a total value of approximately (JOD 10.9) billion. The value of ownership for the top ten nationalities in the Jordanian capital market as of 31/12/2022 is approximately (1.6) billion shares, with a total value of (JOD 7.5) billion and the chart below shows the details of the ranks of these nationalities according to the highest ownership in terms of total value after the ownership of Jordanians:

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



Balance Queries

During the year 2022, the SDC issued (3,390) ownership notices in securities ownership notices that show their ownership balance in securities between different accounts for a specific date, in addition to issuing (218) an accounts statements that show all transactions executed on his securities during a period of time.

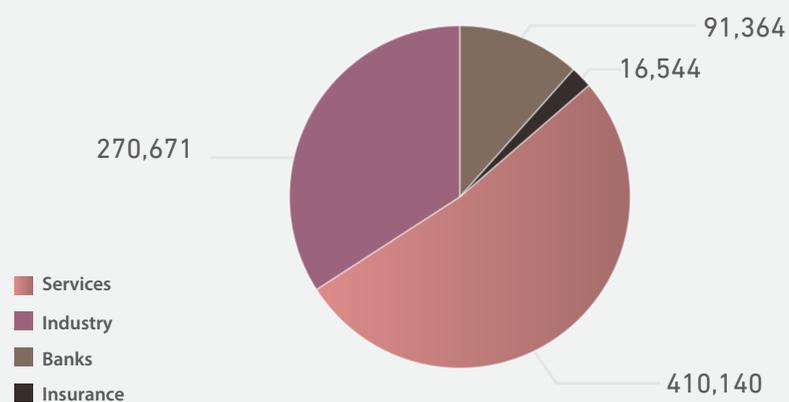
Clearing and Settlement

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 2022 were (789,218) contracts where (1.2) billion shares were transferred with a value of (JOD 1.8) billion. Also, the total amounts received and paid through the settlement account of the SDC at the Central Bank of Jordan (CBJ) were (JOD 466) million. Financial settlements between brokers and custodians are conducted through the SDC by money transfers from the brokers' and custodians' accounts to SDC Settlement Account at the Settlement Bank. Consequently, the SDC transfers those funds to the brokers and custodians who should receive funds. The Central Bank of Jordan was chosen as the Settlement Bank. The SDC has joined the Society for Worldwide Interbank Financial Telecommunication (SWIFT), thus, the SDC has become a direct member for Real Time Gross Settlement System (RTGS-JO).

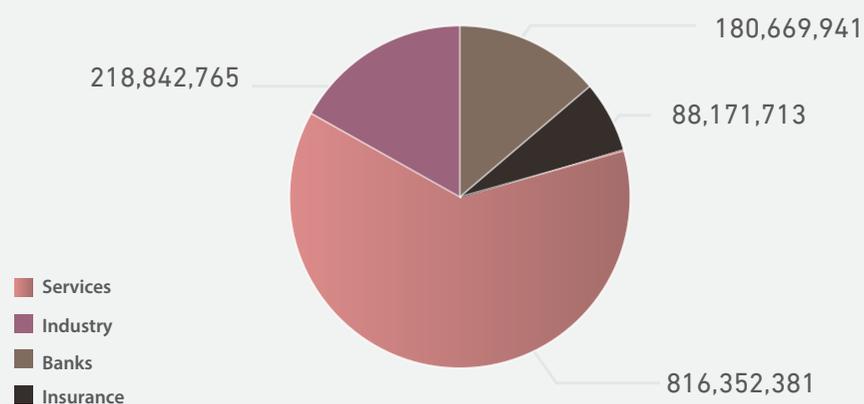


The graphs show the electronic trading classified by sector during the year 2022

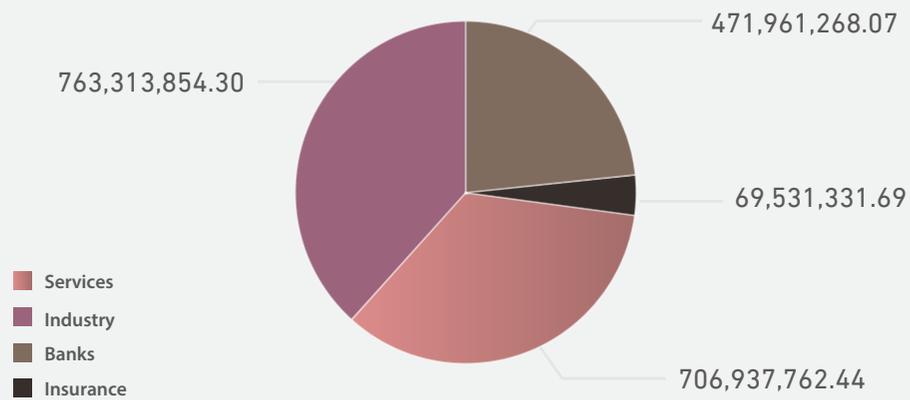
The Number of Executed Contracts Classified by Sector in 2022



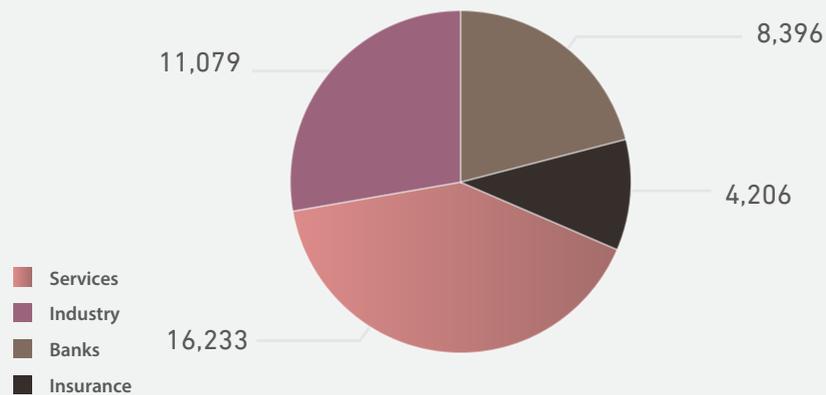
The Number of Traded Securities Classified by Sector in 2022



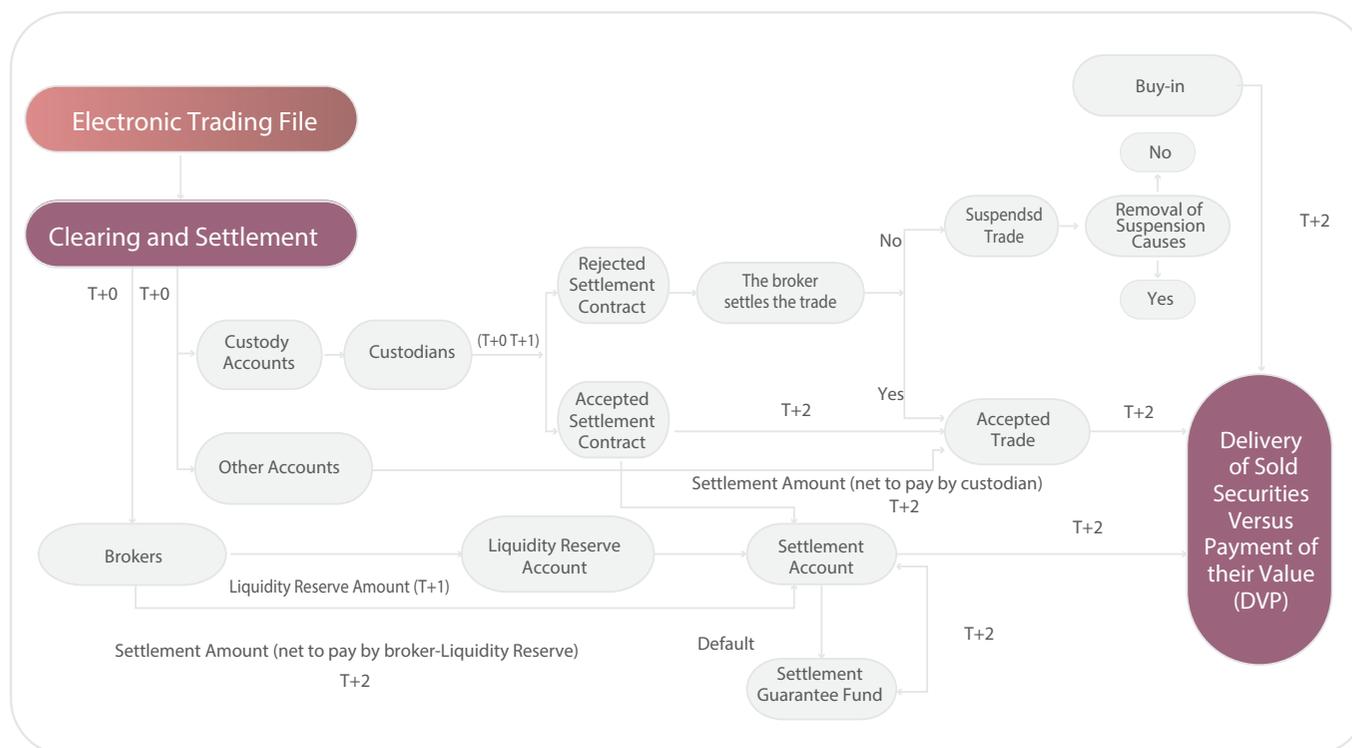
The Total Value of Executed Contracts Classified by Sector in 2022



The Number of Investors Classified by Sector in 2022



Delivery versus Payment



The table represents settlements transactions 2022

Description	2022
Amounts Received	466,403,535.78
1 Liquidity Reserve (T+1)	207,990,257.63
2 Settlement Amount (T+2)	258,413,278.15
Amounts Paid	466,403,535.78
1 Settlement Payments (T+2)	466,181,861.51
2 Suspended Contracts (T+4)	221,674.27



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 (57) brokers of the Fund are divided into cash contributions and bank guarantees and these 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 31/12/2022:

Payment Orders	5,753,000.00
Cash Contributions	2,478,000.00
Total	8,231,000.00

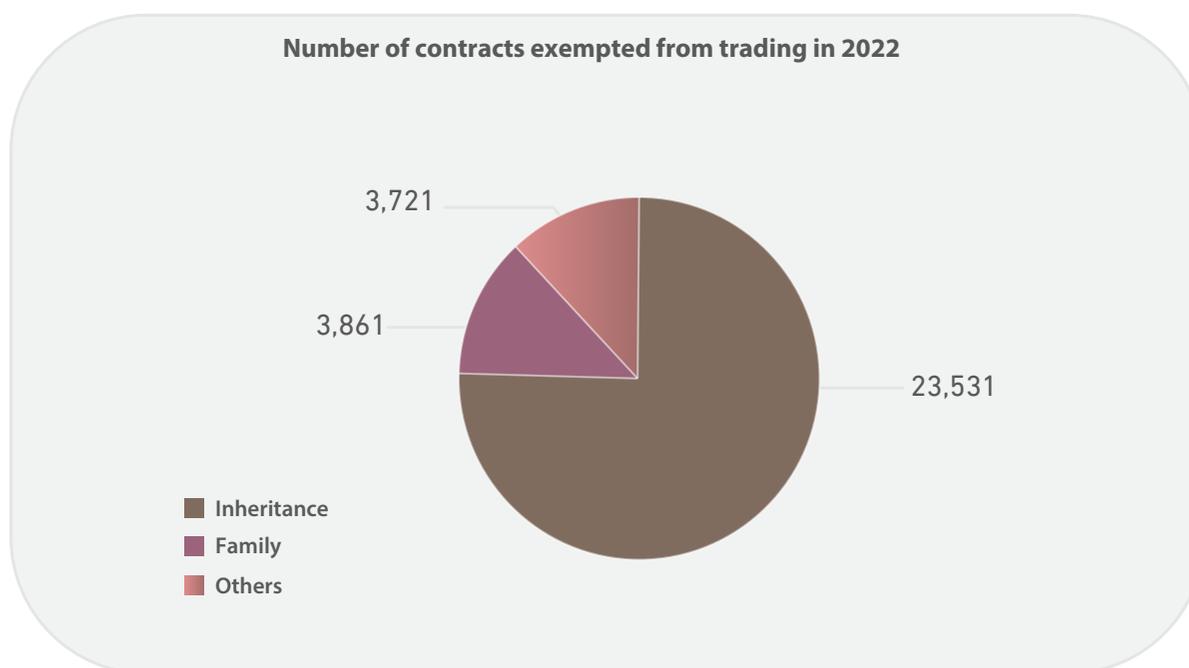
Whereas the custodians of banks (14) custodians provided the SDC with standing instructions upon agreement with the Central Bank of Jordan (CBJ) to transfer the defaulted amount from their accounts with CBJ to the SDC upon the request of the SDC, while non-bank custodians provided bank guarantees to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

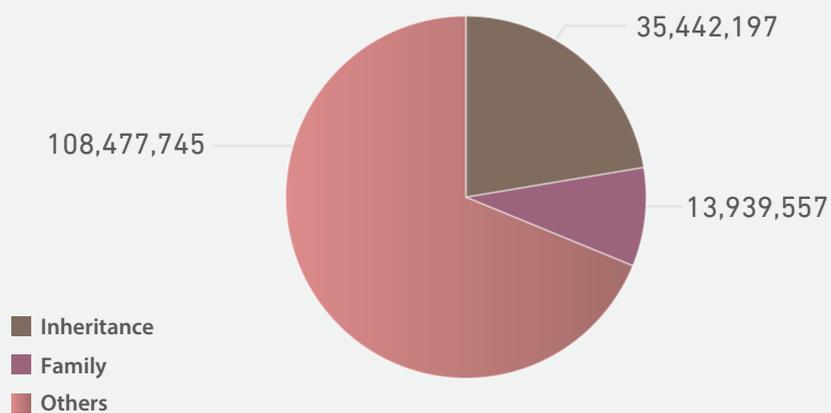
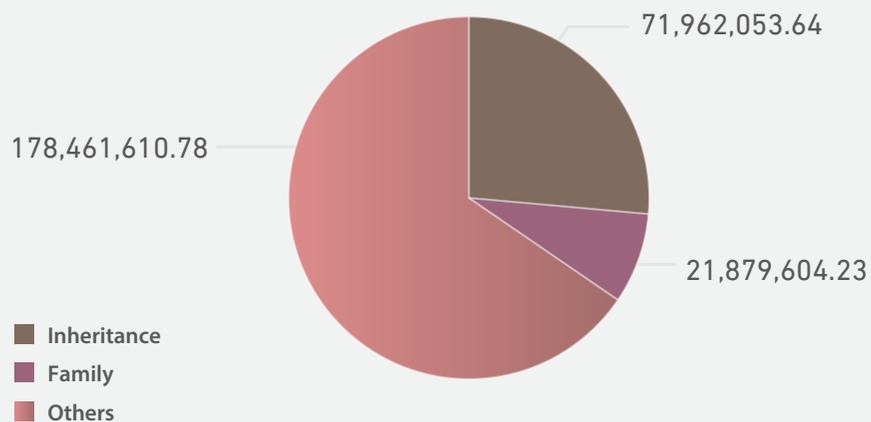


Transfers Exempted from Trading

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

The graphs show the transactions excluded from trading completed by the SDC in 2022



Number of securities exempted from trading in 2022**Total value of transactions exempted from trading in 2022**

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 2022

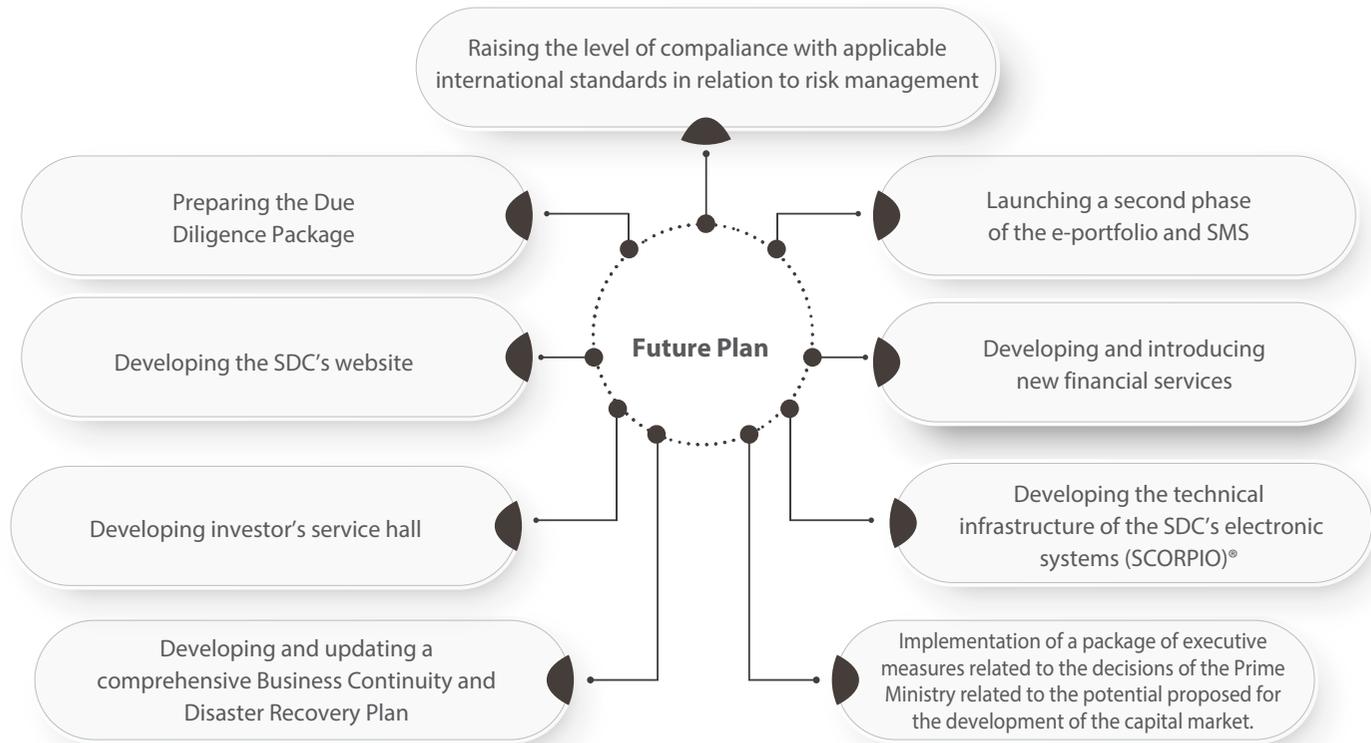
Transaction Type	Description	2022
Pledge	No. of Transactions	132
	No. of Securities	162,365,645
Release of Pledge	No. of Transactions	433
	No. of Securities	159,852,951
Lien	No. of Transactions	7,479
	No. of Securities	120,064,389
Release of Lien	No. of Transactions	5,640
	No. of Securities	115,590,786
Freeze	No. of Transactions	9
	No. of Securities	4,549,776
Unfreeze	No. of Transactions	14
	No. of Securities	613,433





Future Plan

The SDC works within a medium-term strategic plan to achieve its future goals, contribute to the implementation of projects related to royal visions, achieve sectoral and national goals, and activate its role in serving the Jordanian capital market and attracting investors, by raising the level of adherence to the International standards and best practices, in addition to expanding the segment of the additional services provided to investors. The following are the most important projects included in the future plan:



Raising the level of compliance with applicable international standards in relation to risk management

Setting-up a regulatory framework and a documented and comprehensive methodology for risk management, and finding a responsible party concerned with following up and monitoring this methodology periodically. A study was prepared for the purposes of developing and amending the organizational structure of the SDC in a way that takes into account the creation of an organizational unit concerned with risk management in application of the International standards and best practices in this field.

Preparing the Due Diligence Package

- Creating an area on the SDC's new website that includes all information related to investment in the Jordanian capital market.
- Analysis of the SDC's compliance with Rule 17f-7.
- Studying and filling the self-assessment report against the disclosure methodology and principles of financial markets issued by the (International Organization of Securities Commissions – IOSCO) and (Bank for International Settlements - BIS)

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 the 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.

Launching a second phase of the e-portfolio and SMS

The "e-portfolio" service enables the investors to view their information and personal data, securities' accounts maintained with brokers and custodians, balances of securities which is updated daily according to trades executed at the Amman Stock Exchange (ASE), the operations that is conducted directly by the SDC, and statements of securities' accounts showing all transactions executed on the investor's securities accounts, including purchases, sales, capital increase or decrease, etc.

This stage of development includes making this service as an application through smart phones and tablets (mobile app) to facilitate smooth and immediate access to the service and ensure that it reaches the largest segment of investors. The SDC will also launch the second phase of the short message service (SMS), which will include adding a new description based on the system's transactions (corporate actions and ownership restrictions).



Developing investor's service hall

In accordance with the royal directives, and in line with government policies aimed at developing and improving government services provided to citizens, and based on the SDC's keenness to improve the level of services it provides, the SDC is currently working on redesigning and engineering the public service hall according to the best standards that will facilitate the procedures for completing investor transactions easily.

Developing and introducing new financial services

- Implementation of DvP for block trades directly through the SDC, in order to reduce the risks related to financial settlements of trading contracts of block trades through the development of financial settlements in the SDC's system.
- Applying the mechanism of securities lending and borrowing and short selling, and strengthening the role of market makers.
- Studying the project of the Securities Depository Receipts, and creating a technical and legislative structure to implement all operations related to the Depository Receipts.
- Distributing cash dividend to the owners of securities, with the aim of improving the level of services provided to investors in Jordanian securities, through the SDC distributing cash dividend decided by public shareholding companies to shareholders in accordance with the international best practices, as this service enables investors to receive their dividend directly through the SDC on behalf of the issuers easily, quickly and conveniently, which will help reduce the effort and costs on the investor, which will contribute to increasing the liquidity and thus activating the financial market.

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 the technical infrastructure of the SDC's electronic systems (SCORPIO)[®]

- Availability of the system to monitor the SDC's electronic systems, networks, and main server rooms, additionally, monitoring the performance of the various devices and systems (moment by moment), and recording and analyzing the events.
- Availability of the Active Directory by adopting a central control system for all devices connected to the SDC's network including servers, employee devices, and any device located within the SDC's internal network. The process of linking and integration between the different systems will be faster, easier and centrally, which lead to an increase the level of security and protection for the SDC network.
- Modernizing the main servers of the SDC's electronic system by purchasing new main servers with advanced specifications to ensure the continuity of the SDC's electronic system.
- Developing and modernizing the technical infrastructure for central storage units for the latest technology.



- Developing the infrastructure of networks, communications, and security and protection devices to improve performance and ensure the stability and continuity of the service provided to its members.
- Strengthening the protection of the SDC's electronic environment through coordination with the National Cybersecurity Center to take advantage of their services to keep pace with technical developments in these areas. This advantage of their services includes efficiency and effectiveness of preserving the security, safety, availability and integrity of information and reducing the risks of piracy attacks.
- Updating the brokers' data, by developing a mechanism in which data of the financial brokers is updated from the electronic center system (SCORPIO)[®] to the brokers' internal systems (Back Office) using the technology of (Web Service), which ensures the safety of data transmission without the direct intervention of the broker in the process.

Implementation of a package of executive measures related to the decisions of the Prime Ministry related to the potential proposed for the development of the capital market.





Financial Statements

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, 2022, 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, 2022, 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

- We would like to draw your attention to note no.(6)
- 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 deposit 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, February 21, 2023



Securities Depository Center

Legal Entity with Financial and Administrative Independence
Amman-The Hashemite Kingdom of Jordan

Statement of financial position as at December 31, 2022

	Notes	2022	2021
		JD	JD
Assets			
Current Assets			
Cash and cash equivalents	3	6,330,688	7,395,174
Accounts receivable and other debit balances	4	144,491	132,903
Related party receivable	5	-	84
North Development Company receivable	6	-	323,250
Total Current Assets		6,475,179	7,851,411
Non-current Assets			
Center's employees housing fund	7	2,658,177	2,658,177
Intangible assets	8	5,466	45,465
Payments on project under construction		104,578	32,122
Property and equipment	9	195,442	196,874
Total Non-current Assets		2,963,663	2,932,638
TOTAL ASSETS		9,438,842	10,784,049
LIABILITIES AND RESERVES			
Current Liabilities			
Account payable and other credit balances	10	1,436,838	1,396,192
Related parties payable	5	39,546	29,230
Deferred revenues		382	493
Total Liabilities		1,476,766	1,425,915
Reserves			
General reserves		637,957	2,081,183
In exchange for property and equipment (Capital)		4,665,942	4,618,774
In exchange for the center's employees housing fund payable		2,658,177	2,658,177
Total Reserves		7,962,076	9,358,134
TOTAL LIABILITIES AND RESERVES		9,438,842	10,784,049

The accompanying notes form part of these financial statements



Securities Depository Center

Legal Entity with Financial and Administrative Independence
Amman-The Hashemite Kingdom of Jordan

Statement of revenues and expenses for the year ended December 31, 2022

	Notes	2022	2021
		JD	JD
Revenues			
Securities ownership transfer commission	11	2,248,349	1,903,578
Membership, subscriptions, registration of bonds and corporate bonds fees	12	1,615,805	1,632,497
Charges, fees and fines	13	31,811	28,898
Other revenues, net	14	205,154	106,399
Total revenues		4,101,119	3,671,372
Administrative expenses	15	(2,044,812)	(2,044,632)
Future liabilities and tender expenses		(120,000)	(111,130)
Surplus		1,936,307	1,515,610

The accompanying notes form part of these financial statements



Securities Depository Center

Legal Entity with Financial and Administrative Independence
Amman-The Hashemite Kingdom of Jordan

Statement of changes in reserves for the year ended December 31, 2022

	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 payable	Total
	JD	JD	JD	JD	JD
Balance as at January 1, 2021	464,405	5,756,397	323,250	2,658,177	9,202,229
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
Balance as at December 31, 2021	2,081,183	4,618,774	-	2,658,177	9,358,134
Transferred from in exchange for property and equipment to general reserve	1,650	(1,650)	-	-	-
Transferred from future liabilities and tenders reserve to in exchange for property and equipment	-	48,818	-	-	48,818
Transferred to Ministry of Finance	(3,381,183)	-	-	-	(3,381,183)
Surplus	1,936,307	-	-	-	1,936,307
Balance as at December 31, 2022	637,957	4,665,942	-	2,658,177	7,962,076

The accompanying notes form part of these financial statements



Securities Depository Center

Legal Entity with Financial and Administrative Independence
Amman-The Hashemite Kingdom of Jordan

Statement of cash flows for the year ended December 31, 2022

	2022	2021
	JD	JD
Cash Flows From Operating Activities		
Surplus	1,936,307	1,515,610
Adjustments for:		
Expected credit losses on brokers and members receivables	182,931	124,697
Recovery of provisions	(142,180)	(74,059)
Amortization	71,439	45,578
Depreciation	18,808	131,709
Gains on sale of property and equipment	(49)	(5,733)
Future liabilities and tender expenses	120,000	111,130
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(52,339)	(37,635)
Related party receivable	84	347
North Development Company receivable	323,250	-
Account payable and other credit balances	(30,536)	(58,606)
Related parties payable	10,316	29,230
Net cash from operating activities	2,438,031	1,782,268
Cash Flows From Investing Activities		
Purchase of intangible assets	(31,440)	(90,949)
Payments on project under construction	(72,456)	(31,920)
Purchase of property and equipment	(17,377)	(13,352)
Proceed from sale of property and equipment	50	6,091
Net cash from investing activities	(121,223)	(130,130)
Cash Flows From Financing Activities		
Deferred revenues	(111)	(109)
Transferred to Ministry of Finance	(3,381,183)	(1,464,405)
Net cash from financing activities	(3,381,294)	(1,464,514)
Net change in cash and cash equivalents	(1,064,486)	187,624
Cash and cash equivalents - beginning of year	7,395,174	7,207,550
Cash and cash equivalents - end of year	6,330,688	7,395,174
Information about non-cash transaction		
Transferred from tender and future liabilities to property and equipment (Capital)	48,818	104,300
Transferred from property and equipment (Capital) to general reserve	-	400
Transferred from payments on the purchase of Irbid land reserve to general reserve	-	323,250

The accompanying notes form part of these financial statements



Securities Depository Center

Legal Entity with Financial and Administrative Independence
Amman-The Hashemite Kingdom of Jordan

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 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 15, 2023.

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 (1) Subsidiary First-time Adoption of International Financial Reporting Standards	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.	January 1,2022
Amendments to IFRS (3) Business Combinations	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
IFRS (9) Financial Instruments	Annual Improvements to IFRS (9), for year 2018 - 2020	June 1,2022
	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.	
Amendments to IFRS (16) Covid-19-related Rent Concessions	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.	January 1,2020 April 1,2021
	The relief was originally limited to reduction in lease payments that were due on or before June 30, 2021. However, the IASB subsequently extended this date to June 30, 2022.	
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
Amendments to IAS (37) Provisions Contingent Liabilities and contingent Assets	The amendment to clarifies that the direct costs of fulfilling a onerous contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling onerous contracts.	January 1,2022



Standards and Interpretations issued but not yet effective

Standard number or interpretation	Description	Effective date
IFRS (16) Leases	The amendment clarifies how a seller – lessee subsequently measures sale and lease back transaction.	January 1,2024
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. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> • discounted probability-weighted cash flows • an explicit risk adjustment, and • A contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. 	January 1,2023 (Deferred from January 1,2021)
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.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date.</p>	January 1, 2024 (Deferred from January 1, 2022)
Amendments to IAS (1) and IFRS Practice Statement 2	<p>The amendments to IAS (1) require entities to disclose their material rather than their significant accounting policies.</p> <p>To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	January 1, 2023
Amendments to IAS (8)	<p>The amendment to IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>The distinction between accounting policies and changes in accounting estimates is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</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:

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

• Financial liabilities

A financial liability is any liability that is:

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

• Trade payables and accruals

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

• Offsetting financial instruments

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



- **Cash and cash equivalents**

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

- **Trade receivables**

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

- **Related parties**

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

- **Intangible assets**

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

Category	Amortization rate %
Software	50



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

- **Property and equipment**

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

Category	Depreciation rate %
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, 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**

- 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

	2022	2021
	JD	JD
Current account at Central Bank	6,330,688	7,391,035
Current accounts at bank	-	4,139
Total	6,330,688	7,395,174

4. Accounts receivable and other debit balances

	2022	2021
	JD	JD
Brokers and members receivables	1,081,528	1,040,777
Less: Allowance for expected credit losses on brokers and members receivables (*)	(1,081,528)	(1,040,777)
Net brokers and members receivables	-	-
Prepaid expenses	84,551	75,611
Other receivables	29,606	29,456
Prepayments to suppliers	19,577	1,455
Accrued revenues	7,955	7,579
Refundable deposits	2,132	2,132
Work advance	670	670
Checks under collection	-	16,000
Total	144,491	132,903

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

	2022	2021
	JD	JD
Beginning of year balance	1,040,777	990,139
Provided during the year	182,931	124,697
Recovery of allowance for brokers and members receivables	(142,180)	(74,059)
End of year balance	1,081,528	1,040,777



5. Related parties

- a. The related party receivable represents Jordan Securities Commission.
- b. The related parties' payable item consists of the following:

	2022	2021
	JD	JD
Amman Stock Exchange	29,281	29,230
Jordan Securities Commission	10,265	-
Total	39,546	29,230

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 was established by a decree of the Board of Commissioners on April 24, 2007.

8. Intangible assets

2202	Computer softwares
Cost	JD
Balance - beginning of year	968,052
Additions	31,440
Balance - end of year	999,492
Accumulated amortization	
Balance - beginning of year	922,587
Amortization	71,439
Balance - end of year	994,026
Net	5,466
2021	
Cost	
Balance - beginning of year	877,103
Additions	90,949
Balance - end of year	968,052
Accumulated amortization	
Balance - beginning of year	877,009
Amortization	45,578
Balance - end of year	922,587
Net	45,465



9. Property and equipment

	Land (*)	Office equipment	Computers	Vehicles	Furniture	Building (*)	Total
	JD	JD	JD	JD	JD	JD	JD
2022							
Cost							
Balance - beginning of year	152,916	250,738	1,314,056	152,136	147,017	1,633,861	3,650,724
Additions	-	7,577	9,800	-	-	-	17,377
Disposals	-	-	-	(1,650)	-	-	(1,650)
Balance - end of year	152,916	258,315	1,323,856	150,486	147,017	1,633,861	3,666,451
Accumulated depreciation							
Balance - beginning of year	-	218,693	1,304,466	150,829	146,002	1,633,860	3,453,850
Depreciation	-	10,145	8,384	240	39	-	18,808
Disposals	-	-	-	(1,649)	-	-	(1,649)
Balance - end of year	-	228,838	1,312,850	149,420	146,041	1,633,860	3,471,009
Net	152,916	29,477	11,006	1,066	976	1	195,442
2021							
Cost							
Balance at beginning of year	152,916	359,925	2,433,439	152,136	147,017	1,633,861	4,879,294
Additions	-	12,886	466	-	-	-	13,352
Disposals	-	(122,073)	(1,119,849)	-	-	-	(1,241,922)
Balance at end of year	152,916	250,738	1,314,056	152,136	147,017	1,633,861	3,650,724
Accumulated depreciation							
Balance at beginning of year	-	328,823	2,359,644	150,589	145,521	1,579,128	4,563,705
Depreciation	-	11,747	64,509	240	481	54,732	131,709
Disposals	-	(121,877)	(1,119,687)	-	-	-	(1,241,564)
Balance at end of year	-	218,693	1,304,466	150,829	146,002	1,633,860	3,453,850
Net	152,916	32,045	9,590	1,307	1,015	1	196,874

(*) 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. Account payable and other credit balances

	2022	2021
	JD	JD
Tender and future liabilities provision (*)	1,294,492	1,260,060
Accrued expenses	57,989	70,412
Unearned revenues	28,534	17,590
Accounts payable	24,121	20,247
Accrued Board of Directors remunerations	22,563	23,071
Cash guarantees	6,250	-
Employees deposits	2,852	1,537
Other deposits	37	152
Income and sales tax deposits	-	3,123
Total	1,436,838	1,396,192

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

	2022	2021
	JD	JD
Beginning of year balance	1,260,060	1,253,630
Transferred to in exchange for property and equipment (Capital)	(48,818)	(104,300)
Transferred to general reserve	(36,750)	(400)
Provided during the year	120,000	111,130
End of year balance	1,294,492	1,260,060



11. Securities ownership transfer commission

	2022	2021
	JD	JD
Traded securities (*)	1,596,543	1,627,534
Securities excluded from trading (**)	651,806	276,044
Total	2,248,349	1,903,578

(*) 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

	2022	2021
	JD	JD
Annual subscriptions and membership fees (*)	1,452,221	1,480,080
Registration of bonds fees (**)	142,751	135,333
Registration of islamic instrument fees (***)	20,833	17,084
Total	1,615,805	1,632,497

(*) 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

	2022	2021
	JD	JD
Direct connection fees	8,500	8,500
Transfer and open accounts fees and brokers fines	8,447	3,661
Security owner services fees	7,533	7,736
Security issuer fees	4,205	5,890
Bank transfer fees	3,126	3,111
Total	31,811	28,898

14. Other revenues, net

	2022	2021
	JD	JD
Recovery of provisions	178,929	74,059
Management allowance of Settlement Guarantee Fund (*)	24,300	24,900
Sale of tenders copies and tender delay execution fines	1,350	900
Other	526	807
Gains on sale of property and equipment	49	5,733
Total	205,154	106,399

(*) 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

	2022	2021
	JD	JD
Salaries, wages and related benefits	1,043,462	1,020,185
Maintenance	230,114	224,455
Expected credit losses on brokers and members receivables	182,931	124,697
Social security contribution	122,581	121,545
Electricity and water	109,560	124,594
Amortization	71,439	45,578
Communications	56,996	56,971
Board of directors remunerations and transportation	40,070	40,612
Rents	39,674	39,667
Cleaning	22,075	18,513
Depreciation	18,808	131,709
Security	15,404	15,002
Bank expenses	11,227	12,402
Subscriptions	11,055	9,056
Professional fees	11,050	14,730
Stationery and printings	10,979	6,917
Miscellaneous	8,469	7,048
Fuel	8,107	6,000
Center's contribution to saving fund	7,968	8,195
Training	7,374	2,684
Hospitality	4,999	2,884
Vehicles expenses	3,032	994
Insurance	2,796	2,870
Board of directors secretary fees	2,400	2,400
Legal fees	1,036	3,670
Travel and transportation	826	-
Advertisement	380	1,254
Total	2,044,812	2,044,632



16. Legal cases

The value of legal cases raised by other against Securities Depository Center and other parties amounting to JD 40,906,100 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 defenses for the restitution of those claims, and therefore does not expect the center to suffer any financial liabilities as a result .

17. Risk management

a) Capital risk (Reserves)

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

b) Currency risk:

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

c) Interest rate risk:

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



d) Other price risk:

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

e) Credit risk:

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

f) Liquidity risk:

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



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

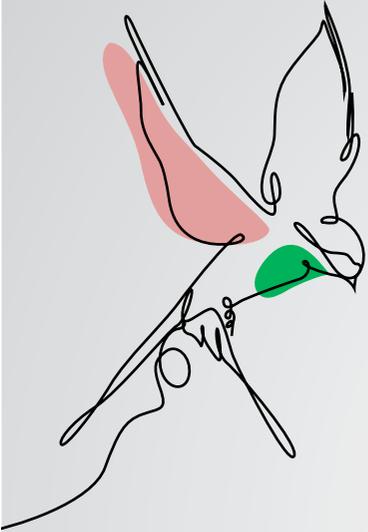
	Less than one year		One year and more	
	2022	2021	2022	2021
	JD	JD	JD	JD
Financial assets:				
Cash and cash equivalents	6,330,688	7,395,174	-	-
Accounts receivables and other debit balances	40,363	55,837	-	-
Related party receivables	-	84	-	-
North Development Company receivable	-	323,250	-	-
Center's employee housing fund	-	-	2,658,177	2,658,177
Total	6,371,051	7,774,345	2,658,177	2,658,177
Financial liabilities:				
Account payable and other credit balances	113,812	118,542	-	-
Related parties payable	39,546	29,230	-	-
Total	153,358	147,772	-	-

18. The potential effects of economic fluctuations

As a result of the current global conflict, where the entity has taken into account any possible impact of current economic fluctuations in the inputs of future macroeconomic factors when determining the severity and probability of economic scenarios to determine expected credit losses.

Because of the potential effects of the Corona virus, the management of the entity has taken future information for the twelve months following the reporting period at least, whether related to the negative effects of the virus on the business process or the ability to pay its debts. The management of the entity has made a study of the potential effects of the current economic fluctuations to determine the declared amounts of the entity's financial and non-financial assets that represent management's best estimates based on observable information. Markets remain volatile and the amounts recorded remain sensitive to fluctuations in the market.





ANNUAL REPORT 2022



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