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Dear Client,

As part of our continuous effort to diligently work to provide the highest quality of legal services to our clients, we have prepared this second review of the Defense Law currently in force. Defense Order No. (5), as issued by the government, addresses the legal requirements specific to the Private Sector, which we will discuss throughout this legal review.

Best Regards,

Sa'ed Karajah & Partners

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Defense Order No. (5):

Deadlines and allowed time periods for certain official procedures before different Governmental Authorities are suspended.

- Article 1/2 of the Defense Order No. (5) effective as of March 18, 2020:

All legal time limits required to undertake any procedure under any applicable Law before:

- o Any Ministry, Governmental Authority, Official Public Institution, or Quasi-Governmental Authority.
- o The Social Security Corporation and the Lands and Survey Department.
- o The Companies Control Department "CCD".
- o Customs Authority.
- o Greater Amman Municipality and the Municipalities.

shall be suspended.

The expiration dates of irrevocable powers of attorneys shall also be suspended. Accordingly, all observable dates and deadlines required for specific procedures, such as the renewal of a company's management, the deposit of its audited financial statements, or the liquidation of a company at the Companies Control Department, shall retrospectively come to a halt as of March 18, 2020.

The aforementioned deadlines and dates shall resume upon a resolution issued by the Prime Minister that all official institutions and departments resume their work.



Meetings of the General Assemblies and Board of Directors:

- Article Two of Defense Order No. (5) for the year 2020 stipulates the following:

Articles of Companies Law No. (22) for the year 1997, which apply to Public Shareholding Companies, Private Shareholding Companies, and Limited Liability Companies relevant to the below matters:

- o Meetings of the General Assembly.
- o Meetings of the Board of Directors.
- o Procedures for conducting such meetings, relevant quorum, notifications, postponement and minutes of meeting.

Shall be suspended for the duration of the enforcement of the Defense Law.

Can a general assembly meeting be conducted online?

Yes, if the articles and memorandum of association of the company allowed it.

The Minister of Industry, Trade, and Supply was delegated to take necessary measures and arrangements to regulate Companies' meetings to the extent necessary to comply with the aforementioned Defense Order.

Accordingly, the Amended Supervision Instructions for the Execution of the Special Procedures for the General Assembly Meeting of Public Shareholding Companies for the year 2020 were issued, allowing companies to conduct their general assembly meetings using electronic channels.

- Article 4/b of the Instructions mentioned above stipulates the following:

The Board of Directors of a company may call to conduct ordinary and extraordinary general assembly meetings via phone, teleconference, or using any other telecommunication channel. Provided that all shareholders and participating board members attend the meeting(s) and are able to hear each other and participate in the discussions of the meeting's agenda.



The minutes of meeting for the general assembly meeting conducted according to the above formalities will be accepted if:

1. The Chairman of the Board or Vice-Chairman and the Board Secretary ratify the minutes of meetings.
2. Electronic Signatures are accepted for general assembly meetings and board of directors' meetings.

The Role of the Electronic Transactions Law in resolving legal complexities taking place in the Corporate Sector:

The Companies Control Department is allowed by law to conduct its work through electronic means under the condition of meeting certain legal requirements as stipulated by the Electronic Transactions Law No. (5) for the year 2015 and the instructions and regulations attached to it.

Electronic Signatures are allowed to execute contracts, memos, and other legal instruments.

On April 2, 2020, the Official Gazette No. (5630) was issued, and it included the Instructions for the Organization and Usage of the Electronic Services of the Companies Control Department for the year 2020.

I. The Conditions of Accepting Transactions Through the Electronic Service Portal of the Companies Control Department.

Any authorized person is allowed to conduct the transactions listed on the Electronic Services portal of the Companies Control Department through electronic means, provided that:

- o The authorized person must attach an electronic copy of the required documents.
- o The approval of data must be through the official accredited electronic portals of the Ministries.
- o The approval of the appointment of a person authorized to use the electronic services of the Companies Control Department must be through a form approved by the Companies Controller.



II. The Electronic Services Portal Registration

- The authorized person (user) shall log into the electronic service portal by choosing the electronic file designated for the services which must include:
 - The username and password.
 - The mobile number or email of the user which will be used to receive any relevant notifications.
 - The account shall be activated via a verification code sent electronically to the user.
- If the preliminary approval is issued and the electronic documents are not available, the user may send the documents through other means to the address of the Companies Control Department, within the timeframes set in the applicable Laws and Regulations for each service, provided that the user has complied with all the conditions set in the applicable Laws and regulations, and including the payment of any applicable fees. Otherwise, the application will be rejected.

III. When will the application be accepted by the CCD?

- When the application includes all the required documents;
- When the application includes an Authenticated E-Signature electronically signed which is verified by the assigned personnel at CCD.

IV. The Authentication of Electronic Signatures

An Electronic Signature is considered to be authenticated once it meets specific requirements, and a Certificate of Electronic Authentication is issued to verify it at the time of creating the Electronic Signature by any of the following departments:

- An electronic authentication entity licensed in the Kingdom.
- An approved electronic authentication entity.
- Any Governmental Authority, whether a Ministry or an official Public Institution or a Quasi-Governmental Authority or a Municipality approved by the Cabinet, provided it meets the requirements of the Telecommunication Regulatory Commission.
- The Ministry of Digital Economy and Entrepreneurship.
- The Central Bank of Jordan, regarding electronic finance and banking activities.

Please refer to our third legal review on E-Signatures for more information regarding this matter.



Measures by the Central bank that Support the Private Sector.

In light of the rapid global developments resulting from the impact of the Covid-19 virus, and the challenges it poses to the national economy, the Central Bank has decided to adopt a package of precautionary measures to contain the negative impact of the Covid-19 virus on the performance of the local economy, and they include:

- A) Postponing the payment of credit facilities installments granted to companies and individuals affected by the outbreak of the Covid-19 virus. Banks are not allowed to charge commissions or to impose any delay penalties on the postponement of the installment's due dates.
- B) Injecting 1050 million JOD additional liquidity into Banks for the purpose of extending credit facilities and loans to Companies at a decreased interest rate.
- C) Reducing the financing costs of the Central Bank's program to support the economic development sectors on current and future financial facilities.
- D) Reducing loan guarantee commissions and increasing the coverage of the local guarantee program.
- E) Preparing a soft loan financing program to support small and medium-sized enterprises of 500 million JOD to be guaranteed by the Jordan Loan Guarantee Corporation. This program aims to facilitate soft loans to professionals, artisans, owners of individual enterprises, and small and medium-sized companies with a grace period of up to one year.