

# New Regulation issued governing non-Jordanian Investment

August 22, 2016

Regulation No. 77 of 2016 governing non-Jordanian Investment (the Regulation) has been published in the Official Gazette on 16/6/2016.

The Regulation offers significant changes as compared with the old regulation, which we have examined in more detail below.

## Changes to participation restrictions in particular sectors

Article 3 provides that a non-Jordanian investor may wholly own or partake at any percentage in any project relating to any economic activity provided that such activities do not contravene national security, public order and morals, and public health, excluding those economic activities which are set forth in Article (4), (5), and (6) of the Regulation, unless any other legislation places a restriction on such ownership or participation.

Several sectors have had an increase in the restriction of percentage of participation by reducing the allowed participation of non-Jordanian investors from 50% to 49%, including such activities relating to the maintenance of road transport means and the maintenance of radio and television broadcasting equipment.

Other activities which previously prohibited full ownership by a non-Jordanian investor have now been removed from the Regulation, such as those relating to railway services, rendering it now permissible for a non-Jordanian investor to wholly own companies providing such services.

The Regulation also added certain activities which are completely restricted from any whole or partial ownership by non-Jordanian investors, including activities relating to security services.

## Ability to register a Jordanian company with complete or partial ownership

In light of the aforementioned Article 7, the company which is registered by virtue of this Article 7 shall notify the Companies Controller within 30 days of any change or amendment which occurs to its records, including the closing of the company, the lapse thereof, its liquidation or ceasing of activities. Such company shall also provide the Companies Controller annually with a duly certified certificate issued by the competent authorities in its country of nationality which proves the continued ownership of shares by Jordanians at the required percentage. In the event that the percentage of ownership should at any time fall below the required percentage, the company shall have six months to rectify its position (such period may be renewed for a similar period by way of a request which sets out the reasons therefor which shall be submitted to the Companies Controller at least 30 days prior to the end of the period provided for rectifying its position).

## Removal of requirement for minimum share capital contribution

Additionally, the new Regulation has removed the requirement for a minimum share capital contribution of JOD 50,000

for non-Jordanian investors. (Please note that in the event a non-Jordanian investor wishes to wholly own a particular type of company, the contribution of such investor may not fall below the capital amount set out on the basis of the type of company or the objectives thereof pursuant to the Companies Law and relevant Jordanian legislations. For example, for Private Shareholding Companies, the capital may not fall below JOD 50,000).

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