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THE IMPACT OF THE CORONA PANDEMIC ON THE STOCK TRADING  
VOLUME IN JOINT STOCK COMPANIES IN THE DISTRIBUTE CASH  
DIVIDENDS PERIOD

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**Abstract**

The Corona pandemic has greatly affected the global economy, similar to the effect of the global financial crisis of 2008 . As a result of this crisis , the number of companies that declared bankruptcy after the outbreak of the Corona crisis has increased . At the beginning of the crisis , the impact of the Corona pandemic on those companies was initially temporary closure ,but as a result of the absence the cash flow resulting from the closure and the collapse of domestic and external demand has stopped , these companies became unable to cover debt payments owed to creditors. Some analysts expect that by the end of 2021 , the number of these bankrupt companies will double if smart and fast mechanisms are not found to deal with the conditions of companies of various sectors and sizes, especially those which are labor-intensive. The global economic impact of the pandemic was already catastrophic in terms of loss of production, employment and financial wealth . The pandemic also affected the degree of profits and stock trading.

**Introduction:**

The dividend policy requires a decision to either pay dividends, which may be cash or in the form of bonus shares, or to keep these profits for the purpose of investing them in other investment projects to achieve additional returns . The distribution policy is usually affected by several factors, including the investment opportunities available to the company, alternative sources of financing, and shareholders 'preferences in relation to current income versus future income, and other matters.

When the company adopts any of the distribution policies, it must take into account the market reaction represented by the impact of the share price and its trading movement towards this policy. For example, when the company adopts a policy of increasing cash dividends, the expected future dividends

by investors will increase, leading to an increase in the company's stock price.<sup>1</sup>

The share price and trading volume are usually used as a measure to test the informational content of any event or any announcement, such as announcing annual and quarterly profits, announcing dividends and announcing mergers and changes in accounting policies .... But in light of the Corona crisis and what reflected from it diminished investment opportunities and the financial loss suffered by the companies and thus the decrease in the cash profits of the joint-stock companies. Does this affect the volume of shares circulation in the period of dividend distribution in the public joint-stock companies?

<sup>1</sup> Al-Badayneh, J.(2010) *The Impact of Announcing Cash Dividends on Trading Volume: An Empirical Study on Shares of Public Joint Stock Companies Returned in the Amman Financial Market*, Master Thesis, University of Jordan, Amman, 2010, p.12.

## **THE FIRST TOPIC WHAT IS MEANT BY STOCK TRADING?**

Through this topic, the researcher will address the definition of stock trading and the definition of Corona virus, as follows:

### **The First Requirement**

#### **The Definition Of Stock Trading**

The share represents the partner's share in the company, and the partners in the joint-stock company have rights and obligations. All partners, whether they are founders or shareholders who subscribed for its shares when it was offered for subscription, are members of the company and they all enjoy equal rights and are subject to the same obligations. This matter is benefited in an unparalleled manner, directly from the provisions of Articles (95, 111, and 178) of the Jordanian Companies Law, which stipulate that shares should be issued with a nominal value and have equal rights and duties, and it is not permissible to distinguish among them. Accordingly, we can outline the shareholder's rights as follows<sup>2</sup>:

- 1- Receiving profits and interests that are decided to be distributed to shareholders.
- 2- Collecting a share of all company funds upon liquidation.
- 3- Contributing to the management of the company's business, whether in their public bodies in the board of directors according to the company's system
- 4- Obtaining a printed brochure that includes the balance of the expired accounting cycle, the profit and loss account, the report of the board of directors and the auditors' report.

<sup>2</sup> Abu Al-Rub, N. and Al-Dhahir, M, *The Impact of the Profit Distribution Decision on the Share Price and Trading Volume of Companies*, Al-Quds Open University Journal for Studies and Research, Issue 3, 2016, p.

5- Filing a lawsuit to invalidate every decision issued by the general assembly or the board of directors in violation of the law, public order, articles of association, or statute law.

6- Disposing of the shares owned by shareholder , and the priority in subscribing to new shares, in accordance with the provisions of the law.

These rights are fundamental to the character of the shareholder in the company and may not be violated, and every condition contained in the articles of incorporation or the company's statute that affects them is considered null. As for the shareholder's obligations, they can be summed up in the following two obligations:

1- Refrain from any action that harms the company.

2- The legal implementation of any decision issued by the General Authority.

Since trading in shares is considered one of the shareholder's rights and it is an act that does not harm the company, so the right to trade is considered to be the right of the partner over what he owns in the shares in the joint- stock company. Also , the trading feature is considered a part of the general system, so it is not permissible to include a text in the articles of association that includes confiscation of the shareholder's right to leave the company, because through trading, the ownership of shares is transferred from one shareholder to another by transferring the rights of the shareholders to the company issuing the shares to another shareholder to replace him. This right is one of the basic rights stipulated by the Jordanian legislator<sup>3</sup>.

The ability of a share to be traded by commercial means is the most important feature of a share in a capital company over its share in the company. The freedom to trade the shares of joint-stock companies is the most important feature of these companies over companies of persons in which the partner is not allowed to dispose of his share -as a general rule- except with the consent of all partners. This freedom to dispose of shares is not absolute, but legal restrictions or an agreement are attached to it, as we will refer to that in detail in the next paragraphs. However, it is not absolutely possible to prevent the circulation of shares, otherwise it will not be a joint stock company because the shareholder's right to dispose of his shares is one of the rights related to the public order, from which he may not be deprived of them, as we have indicated. The trading quality is one of the essential characteristics of the share, and in the event of its failure the share loses its essence .<sup>4</sup>

A share is, in material terms, a deed that is used as a tool prepared to prove the contractual rights and obligations of the shareholders. The shareholder's right to trade his shares is one of his basic rights that may not be deprived of it. Therefore, the shareholder must have the authority to relinquish his shares at any time so that he is not restricted due to his shares .This right

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3 Al-Mutairi, Mazyad, The Effect of Announcing Dividends on Trading Volume for Industrial Companies Listed in the Kuwait Stock Exchange, Master Thesis, Middle East University, Amman, 2014, p. 23.

4) Al-Nuaimi, A., Al-Saqi S., Salem, O. and Shugairi, M. (2009) *Financial Management of Joint Stock Companies, theory and practice*, Dar Al-Masirah, Amman, 2009, p. 223.

shall come into effect - as a general principle - from the date on which the shareholding company is registered in the commercial registry, which is the date on which it acquired the legal characteristic. The tradability of the share remains even after the issuance of the company's termination decision, and until its legal feature ceases by the end of the liquidation process and its closure. One of the characteristics that characterize the share in a joint-stock company is its ability to trade, and it is a characteristic related to the public order that is not permissible to stipulate what contradicts it. The idea of trading in a joint stock company is the basis for the success and prosperity of this type of company, as it gives individuals the opportunity to freely register in the company if it is succeeding in the economic milieu, as it represents a factor that attracts large capitals to invest in the company's project as the largest pool of capitals on which the economies of countries depend<sup>5</sup>.

Due to the absence of personal consideration in joint-stock companies which are based on financial consideration, the personality of the partner has no regard in the company, so the exit of the shareholder from the company will not affect the company contract, and here the trading feature was included within the definition of the joint-stock company<sup>6</sup>.

The procedures and methods of trading according to the general rules depend on the type or form of the shares. If it is a nominal share, then it is traded by way of registration in the register of transferring ownership of shares at the company's headquarters. If it is a bearer share, it is traded by way of delivery from one hand to the other away from the company, given that the right is merged into the instrument and the right here is considered as a material transfer in which the ownership rule in the movable becomes the title deed, and then the company is obligated to fulfill the holder of the bond with what he has of the rights before it. Accordingly, Accordingly, The first method is by way of transfer in the name of a specific person whose ownership is proven by registering the name of the shareholder in the books of the company. When it is circulated, its ownership is transferred by issuing a new bond bearing the name of the assignee and registering him in the Transformation Registry<sup>7</sup>. The second method of stock trading takes place by way of delivery, and this process allows trading of shares that are not issued in the name of a specific person, but rather issued to the bearer, so the holder of the share is considered the owner of it and the ownership of these shares is transferred upon delivery.. In Jordanian law, it is called the company registry<sup>8</sup>

The Jordanian legislator has used the term underwriting/subscription to express the sale and purchase of shares (trading), whereby the companies law in force left the organizing of the subscription process to the Securities Law No. 76 of 2002 and its amendments. This law, in its Article (123), authorized the Board of Commissioners to issue instructions for the

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<sup>5</sup> Al-Aqili, A.(2010), *The Mediator in Commercial Companies: A Comparative Judicial Jurisprudence Study on Public and Private Rulings*, Amman, House of Culture for Distribution and Publishing, 2010, p. 321.

<sup>6</sup> Al-Amoush, Ibrahim (1994), *Explanation of the Jordanian Companies Law: A Critical Jurisprudence Study*, Part One, Amman, University of Jordan, p. 44.

circulation of securities in the Amman Stock Exchange for the year 2004, necessary to implement the provisions of the law . The instructions for trading securities on the Amman Stock Exchange included in its eighth article that the public shareholding company, within two weeks of the date it obtained to initiate work, must apply to the Depository Center for securities issued by it according to the form prepared by The Center, and providing it with information and data, the most important of which is the securities issuance prospectus, such as the type , number and nominal value of the securities.

Article (69 / A-B) of the Jordanian Securities Law indicated that: “a - In order for any security to be traded in the financial market, it must be deposited with the Center with the exception of securities approved by the Board. b- Every public shareholding company established in the Kingdom and every public issuer in it must apply to list its issued securities for circulation on the financial market.

Article (9) of the Instructions for Trading in Securities at the Amman Stock Exchange for the year 2004 also required that the issuer, upon registering any new securities with the Authority, submit to the Center a request to register those securities according to the form prepared by the Center and attach a copy of the Commission’s letter approving the registration of securities, its financial statements, the prospectus for issuing the securities, and the record of the owners of its issued securities in accordance with the data, specifications, and method specified by the Center.

## **The second requirement**

### **Distinguishing Trading From Similar Systems**

The trading principle represents the essential characteristic of a share from other securities, and it is also the basic criterion for establishing a joint stock company. If the articles of association of the joint-stock company approve the inability of the shareholders' shares to be traded, as trading is the transfer of the fixed rights in the bond from one person to another , it necessarily entails differentiating trading from other concepts or systems that transfer rights and ownership, which can be clarified as follows:

#### **First: Stock trading and assignment of shares:**

The principle of assigning a share is a shareholder’s right that may not be divested from it under the public order. However, this does not prevent restrictions on exercising this right for special considerations, provided that these restrictions do not reach the total confiscation of it. Every shareholder in money companies and the joint-stock company in particular has the freedom to dispose of his share - by trading it - by his own will without requiring the consent of all shareholders, as the case of people companies, in which the shares are prohibited as a general principle with the possibility of transferring them with the consent of the partners and in certain

exceptional cases<sup>7</sup>. The transfer of the right is the common point between trading and relinquishing shares, but there are several aspects that differentiate trading from transfer, which are represented by the following<sup>8</sup>:

- **In terms of organization**: The necessity of a legal text for the enforceability of the assignment is the point of distinction between circulation and assignment, as the assigning process is only carried out by a legal text, The requirement to reach a certain quorum varies according to the type of company.

- **In terms of the articles of association of the company**: Although trading and assignment is done through the transfer of the fixed right in the bond whether it is a share or a portion - and this is the common point between them- the points of difference between the two processes or concepts appear through that the first is a consensual system while the assignment is a legal system. The conduct of the transfer of ownership through a legal text or a clause included in the articles of association of the company is not limited to the assignment of shares only, but also extends to the transfer of right as well.

### **Second: The Trading and Issuance of Stocks**

The shareholder's acquisition of the shares is considered one of the rights that he must enjoy, and which were allocated to him as a result of the subscription. Therefore, the company must issue the shares and hand them over to the shareholders. By obtaining the shares, they are considered members of the company, and they are called "shareholders". The process of issuing shares is considered the shareholder's right to obtain and trade them. The trading process differs from the issuance in the following<sup>9</sup>:

- **In terms of purpose**: The purpose of offering shares for subscription is to cover the company's capital for its investment according to its purpose, which differs according to the subject of each company. That explains the reason and purpose of the existence of the stock issuance process as the basis for establishing and collecting this company's capital, and this is unlike trading the share. Besides being a right for the shareholder, it is not permissible to deprive him of it because it is related to public order and make the company lose its form as a joint-stock company. Its goal is in line with the company's interest, by enhancing its affiliation and prosperity as long as the assignment of the share arranges the replacement of the shareholder in place of the other without the latter recovering the amount that he contributed to the formation of the company's capital, which entails the continuity of its capital fixed to ensure creditors' rights.

- **In terms of validity**: The validity of trading shares is limited to the shareholder as a result of what his share is entitled to freely assign it, while

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<sup>7</sup>Taha, M.,(1994). *Fundamentals of Commercial Law, University House for Printing and Publishing, Egypt, 1994, p.528.*

<sup>8</sup> Taha, M., Ibid, p.529.

<sup>9</sup> Al-Aqili, A.(1997), *Commercial Law - Commercial Business, Merchants, Store, and Commercial Companies*, House of Culture for Publishing and Distribution, Jordan, 1997, p.280.

the process of issuing shares remains limited to the company as it is obligated to pay in exchange for the shareholder's commitment to contribute to the formation of the company's capital.

- Accordingly, the processes of trading and issuance of shares create a right for the shareholder which may in no way be deprived of it, except that the validity of the shareholder in each of them varies and differs according to the source of this right. Trading is limited to the owner of the share because he assigns it, while the process of issuing shares is limited to the company obligated to provide consideration for the shareholder's commitment to form the capital of its economic project.

## **The Second Requirement**

### **Procedures And Methods Of Trading Stocks**

The prospectus includes all the information related to the shares offered, the terms and procedures of the subscription, the date of the company's registration and its purpose, the rights and responsibilities of the shareholders, the purpose of the issuance, and the way its proceeds can be exploited. In addition, the prospectus must include a statement stating the description of the company, its sources of financing, how it is managed, a statement of the number of founders, their nationalities, and the distribution of the company's shares to their owners. The dimension of securities under the public offer is binding on the buyer unless he receives a copy of the prospectus.

Article (14) of the same instructions indicated that securities are traded in the Amman Stock Exchange for the year 2004 that securities are deposited on the same date of receipt of the register of securities' owners or any subsequent date, and the issuer is notified of this, provided that securities ownership certificates are deemed to be decisively canceled as soon as the securities are deposited at the Center. The securities deposited with the Center are of the same type, class, issuance and currency, and are considered equal in rights and duties.

As for the percentages to be subscribed to, the Jordanian legislator has determined those percentages by referring to the Jordanian Companies Law and the instructions for issuing and registering securities, as it is noticed that they set the minimum between (100-500) shares, taking into account the confirmation of this in the subscription prospectus, in accordance with the provisions of Article (7 / A) of the Instructions for the Issuance and Registration of Securities for the year 2005.

As for the percentages to be subscribed to by the founders, and in order to reconcile between the interests of the owners of capitals in the legitimate employment of their money in economic projects without allowing them to monopolize the capital of the project, and the interest of the public in investing their cash savings in areas of interest on the other hand, the Jordanian legislator has tended to set certain percentages to ensure that the founders are serious about establishing a public shareholding company. Therefore, the Jordanian legislator has set the percentage of shares subscribed to by the founders in banks, financial companies and insurance

companies, not exceeding 50% of the authorized capital, and paragraph (B) of the same article does not permit that the share of the founders in the public shareholding company at the time of incorporation exceeds 75% of the authorized capital, and the founder or the founders' committee must offer the remaining shares for subscription as permitted by the applicable securities law.

Whatever the foregoing, we find that the share represents the partner's proportion in the company. And this proportion can be disposed of by sale or mortgage by trading the share that represents it through commercial means. Disposing of the partner's share in joint-stock companies by trading shares is the most important advantage of money companies over companies of persons in which the partner may not dispose of his share as a general rule. The right of a shareholder to dispose of his shares through trading is one of the rights related to the public order and from which he may not be deprived, as every condition contained in the company contract or statute that prevents the shareholder from using this right is considered null. The circulation of the rights represented by the share depends on the form of its release, and the share takes in one of three forms, either it is issued nominally, promissory, or for its bearer<sup>10</sup>

**The first form** :If the share was issued nominally i.e. in the name of a specific person, then its circulation is carried out by registering it in the records prepared for this purpose.

**The second form** :Either if the share was issued by promissory note, that is, to the permission of a specific person or to his order, then its circulation is by endorsement, that is, by writing on the back of the bond indicating the disposition of it to the endorser to him, but it is rare for companies to issue promissory shares.

**The third form** :If the share is issued to its bearer and it is so when it is not issued in the name or order of a specific person but includes a phrase for its bearer, then its circulation takes place through handling from one hand to another, as it is considered as a movable to which the ownership rule applies to the movable title deed.

In Jordan, the Companies Law requires, in Paragraph (a) of Article 95, that the shares of public joint-stock companies incorporated in Jordan be nominal, and accordingly trading in the shares of companies in Jordan takes place through registration in the records of the stock exchange<sup>11</sup>, and the

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<sup>10</sup>Al-Aqili, Aziz, the Mediator in Corporate Law, *ibid*, p. 265

<sup>11</sup> Paragraph (c) of Article 69 of the Temporary Securities Law No. 76 of 2009, and articles 76 and 77 of the same law required that a center called the (Securities Depository Center) be established in the Kingdom to register and transfer ownership of securities traded on the Stock Exchange and to settle the prices of those Securities are among financial intermediaries, and it is the only entity in the Kingdom authorized to practice this work. Therefore, Article (81) of the same law requires that the ownership of securities be registered and transferred in the stock exchange and the prices of these securities are settled between financial intermediaries according to restrictions recorded in the center's records. Paragraph (b) of the same article considered the entries recorded in the Center's records and accounts, whether they were recorded manually or electronically, and any documents issued by it. Legal evidence of ownership of the securities indicated therein and of the registration and transfer of ownership of these securities and of the settlement of



shareholders register at the company's headquarters<sup>12</sup> so that the ownership of these shares are not transmitted.

## **The First Requirement**

### **Introducing the Corona virus pandemic(Covid-19)**

The countries of the world, including Jordan and Iraq, are facing in this period of time one of the most difficult crises in history at all social, economic, political and even legal levels, as a result of the outbreak of (Covid-19) which was classified according to the World Health Organization as a pandemic with severe effects that requires concerted efforts of all countries to confront and reduce one of its dire consequences. Perhaps what exacerbated and worsened the situation was the sudden and unexpected nature of the emergence of this epidemic and its serious danger, as well as its ability to rapidly spread and increase the severity of the infection resulting from it, which created confusion and difficult turmoil and few options available to confront it<sup>13</sup>.

"Corona virus is a type of virus that mainly affects the respiratory system of animals, mammals, especially humans, which is known medically as Covid-19. This epidemic is associated with colds, pneumonia and bronchitis. Its symptoms include dry cough, fever and shortness of breath, and it appeared in late 2019 AD, where a group of cases with symptoms of pneumonia were identified for an unknown reason in Wuhan, the capital of Hubei Province, China. It is a disease caused by a strain of corona virus (Corona), and the English name is (COVID- 19) . The disease is derived as follows (CO) are the first two letters of the word Corona (CORONA) and the syllable (VI) are the first two letters of the word virus (Virus) and (D) is The first letter of the word disease (disease). The new corona virus is related to the same family of viruses to which the virus that causes acute respiratory syndrome (SARS) and some types of common cold belongs<sup>14</sup>.

The most important symptoms caused by this virus include fever, cough, shortness of breath, and in severe cases, the disease may cause pneumonia or difficulty breathing, and it can also lead to death in some few cases.

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their prices between financial intermediaries, on the date of those records, accounts or documents unless proven otherwise. Article 74 of the Securities Law authorized the Board of Directors of the Securities Depository Center To lay down, with the approval of the Board of Commissioners of the Securities Commission, the regulations and instructions necessary to manage the affairs of the Center, including those related to the registration and transfer of ownership of securities traded on the Stock Exchange and the settlement of securities prices

<sup>12</sup> Paragraph (1) of Article 98 of the Jordanian Companies Law.

<sup>13</sup> On 1/30/2020, the World Health Organization declared Covid-19 disease a public health emergency with global impact.

<sup>14</sup> ) Al-Maghribi, Mahmoud, Shanded, and Bilal (2020), "Legal Adaptation of the Coronavirus Pandemic in Light of Constitutional and International Constants and Established Legal Principles, Published Research, Journal of the Kuwaiti International Law College, Eighth Year, Special Supplement, Issue 6, Kuwait International University, Kuwait." P. 26.

What distinguishes this virus and increases its danger is the way it spreads, as it is transmitted through direct contact with the respiratory droplets issued by an infected person. It can also be transmitted by touching surfaces contaminated with the virus and then touching the face, mouth, nose and eyes, and this virus can live on surfaces for several hours and for hours according to some studies confirmed . So the speed and ease of its spread increased its risk over other viruses, especially in light of the lack of a treatment or vaccine against this virus.<sup>15</sup>

The World Health Organization has classified the Corona virus outbreak as a global pandemic.<sup>16</sup> This is a term the World Health Organization used to describe the spread of the Corona virus, but as a result of the rapid spread of infection and its wide scope, which prompted the organization to use the term ( pandemic) or a global epidemic. The global epidemic or pandemic is used to describe infectious diseases when the outbreak is clear , and it is transmitted from person to person in several countries at the same time<sup>17</sup>.

An epidemic is defined as a state of spread of a specific disease, where the number of cases is greater than what is expected in a specific community, a certain geographical area, a specific season or a certain period of time, and this is according to the definition of the World Health Organization. The epidemic may occur in a geographical area or extend to several countries and may lasts for days, weeks, and possibly years .<sup>18</sup>

There are two terms commonly used in the Corona crisis, namely (pandemic ) and ( outbreak ) and there is a confusion between them, but some epidemiologists see that these two terms are identical, while others see that the term pandemic describes a situation that includes a wide area and is related to a major crisis, while the outbreak refers to a disease outbreak in a specific area or areas that are smaller than areas of the pandemic .<sup>19</sup>

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<sup>15</sup> Al-Jawfan, Ahmed bin Mohammed (2020), Crisis Management in Judicial Facilities, Reading in the Corona Crisis, Available at: [www.who.int/ar](http://www.who.int/ar)

<sup>16</sup> Pandemic is also known as "the great distress and affliction that sweeps over money, and it is taken from delusion, destruction, and eradication." The scholars differed in its definition, so it was defined as "what cannot be avoided even if it is known about it, which is all that struck the fruit from locusts, wind, fire, drowning, hail, rain, predominant bird, worms, fruit rot in the tree and poisons, as well as the army passes the date palm and takes its fruit. Pandemic: For more, see: Ibn Qudamah Abd al-Rahman Muhammad ibn Ahmad, al-Mughni and al-Sharh al-Kabir, vol. 2, Al-Manar edition, Egypt, p. 216

<sup>17</sup> Al-Shuaibi, Al-Mustafa Al-Ghasham (2020), The Impact of the Corona Pandemic on National and International Contracts, Adalah's Journal for Legal and Judicial Studies, Issue 4, Morocco, pg. 227.

<sup>18</sup> Omar, Ayman Nouredine (2020), Coronavirus and the Crises of International Economies, Volume 43, Number 499, Al-Mustaqbal Al-Arabi, Egypt, pg. 118.

<sup>19</sup> Al-Shuaibi, Al-Mustafa Al-Ghasham, *ibid*, p. 228.

## **Decrease In Cash Profits In Joint Stock Companies As A Result Of The Corona Crisis And Its Impact On Stock Trading**

The Corona pandemic cast a negative shadow on countries and governments globally, regionally and locally, and Jordan is of course not immune to all of that, but the impact of the pandemic at the local level was direct on some sectors such as the Amman Stock Exchange, whose dealings were negatively affected during the period of the comprehensive lockdown in the beginning . Even after the sectors reopened again, the priorities of investors today are focused on adhering to the available liquidity and setting specific priorities for spending in the necessary areas and providing basic needs, as investment in the Amman Stock Exchange is no longer a requirement today, especially with concerns about the decline in the profits of public joint-stock companies.<sup>20</sup>

And if we look at the numbers of the Amman Stock Exchange, the volume of trading reached 751.1 million dinars until the middle of this month, compared with 1.1 billion dinars during the same period last year, a decline of 33% .The market value of the bourse reached 12.3 billion dinars, a decline of 17.2% compared to the same period last year.

The pandemic directly affected the Amman Stock Exchange during the pandemic period, during the stock market closing period that lasted for several weeks. The closing contributed to the lack of any trading in the stock exchange, which affected the trading commissions of brokerage companies and prevented a number of foreign funds from dealing in the Amman Stock Exchange, which affected the credibility of the ASE. Even after the stock exchange returned to trading during the pandemic, it has declined significantly in terms of market value and trading volumes .The central bank postponing the distribution of cash profits for the banking sector this year negatively affected trading data and gave a negative feeling among dealers in their dealings in the stock exchange.<sup>21</sup>

The Amman Stock Exchange index declined from the beginning of the year until Wednesday 10/14 by (14%). And if we count the market decline since the first case of Corona was recorded in Jordan in the period between (3/2 until 10/30/2020), it decreased by 13%. The volume of trading since the beginning of the year decreased by 33%, and the number of shares traded decreased by (13%).

We also noticed that a number of foreign investment funds liquidated their investment portfolios on some shares in the stock exchange after the stock exchange returned to circulation due to the absence of any party, either from the Amman Stock Exchange team or from the investment banks

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<sup>20</sup> Mukhamreh , wajdi. The impact of the Corona pandemic on the Amman Stock Exchange and what is required of the new government ?, an article published in the Jordanian newspaper Al-Ghad, available at the electronic link: <https://alghad.com/>

<sup>21</sup> Hilal Abu Hijleh, 33% of the volume of trading on the Amman Stock Exchange and 17.2% of the market value decline, an article published on the Jordanian newspaper Al-Dustour website, available on the website: <https://www.addustour.com/articles>

operating in Jordan, able to speak to fund managers about the status and opportunities of these companies which they have left , future expectations ,success stories and the impact of the virus crisis on them. Joint stock companies also lack the so-called Financial Public Relation Service, which has become important in increasing the awareness of fund managers about the companies' disclosures, the results they have achieved, their success stories and expectations about them.

Also ,there is no longer any seriousness to market the Amman Stock Exchange as before, because of the withdrawal of foreign investments to emerging funds, the decline in the classification of the Amman Stock Exchange at the international level, the increase in trading commissions, the absence of investment products, stories of corruption of public joint-stock companies, the distancing of local portfolios from the market, and the investment of a large number of Jordanians in other financial exchanges .

### **Conclusion**

At the end of this study, we find that the Corona crisis had a significant impact on public shareholding companies in general, , the trading of stocks in particular and on the volume of stock circulation during the profit distribution period as a result of the negative effects that this crisis reflected. This is evidenced by the fact that the trading of shares in the Amman Stock Exchange has declined especially since mid May: trading was suspended for two months, and all sectors retreated without exception due to the consequences of the pandemic, even the banking sector which constitutes a safety valve, especially with the decision not to distribute profits for the past year in addition to its financial results, which witnessed a 50% decline .The stock exchange has lost momentum from the above . In light of this, the researcher recommends the following:

1- Working to keep pace with the comparative legislation regarding the establishment of the joint-stock company, which is characterized by effectiveness in terms of its complex procedures and high costs, as it seeks to impose cooperation or merging between the legal and economic frameworks .

2-The researcher hopes that the Jordanian legislator will put a legal text in the section on public shareholding companies in the Jordanian Companies Law that determines the right of priority for old shareholders to subscribe to new shares-they are the same as shareholders in private joint-stock companies . And that the determination of this right is not stated in the company's , even the Corporate Governance Instructions for the listed joint-stock companies for the year 2017 stipulated this right for all shareholders, however, confirming such a right in the law constitutes a further guarantee of protecting the rights of shareholders.

3- The researcher proposes that the Jordanian Companies Law stipulate the rights of shareholders in the public shareholding company and the methods for disposing of their rights in several independent and private legal articles , without being scattered so

that the shareholders can know what they have and what their rights are with ease and clarity.

4- The researcher suggests putting in place more comprehensive and clear legal texts regarding trading of shares in the public shareholding company and the agreement restrictions imposed on this trading.

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#### **Foot ends**

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- <sup>2</sup> Abu Al-Rub, Nour and Al-Zahir, Moufid, The Impact of Profit Distribution Decision on Stock Price and Trading Volume for Companies, Al-Quds Open University Journal for Studies and Research, Issue 3, 2016, p. 251
  - <sup>3</sup> Al-Mutairi, Mazyad, The Impact of the Announcement of Profit Distributions on Trading Volume for Industrial Companies Listed in the Kuwait Stock Exchange, Master Thesis, Middle East University, Amman, 2014, p. 23.
  - <sup>4</sup> Al-Nuaimi, Adnan, Al-Saqi Saadoun, and Salem, Osama and Musa Shugairi, Financial Management for Joint Stock Companies, theory and practice, Dar Al-Masirah, Amman, 2009, p. 223.
  - <sup>5</sup> Al -Oqaili, Aziz, The Mediator in Commercial Companies : A Comparative Jurisprudence Study in Public and Special Rulings, Amman, Dar Al-Thaqafa for Distribution and Publishing , 2010 , p . 321.
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  - <sup>8</sup> Taha, M.,(1994). *Fundamentals of Commercial Law, University House for Printing and Publishing*, Egypt, 1994, p.528.
  - <sup>9</sup> Taha, M., Ibid, p.529.
  - <sup>10</sup>Al-Aqili, A.(1997), *Commercial Law - Commercial Business, Merchants, Store, and Commercial Companies*, House of Culture for Publishing and Distribution, Jordan, 1997, p.280.
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- Paragraph (c) of Article 69 of the Temporary Securities Law No. 76 of 2009, and articles 76 and 77 of the same law required that a center called the (Securities Depository Center) be established in the Kingdom to register and transfer ownership of securities traded on the Stock Exchange and to settle the prices of those Securities among financial intermediaries, and it is the only entity in the Kingdom authorized to practice this work. Therefore, Article (81) of the same law requires that the ownership of securities be registered and transferred in the stock exchange and the prices of these securities are settled between financial intermediaries according to restrictions recorded in the center's records. Paragraph (b) of the same article considered the entries recorded in the Center's records and accounts, whether they were recorded manually or electronically, and any documents issued by it. Legal evidence of ownership of the securities indicated therein and of the registration and transfer of ownership of these securities and of the settlement of their prices between financial intermediaries, on the date of those records, accounts or documents unless proven otherwise. Article 74 of the Securities Law authorized the Board of Directors of the Securities Depository Center To lay down, with the approval of the Board of Commissioners of the Securities Commission, the regulations and instructions necessary to manage the affairs of the Center, including those related to the registration

and transfer of ownership of securities traded on the Stock Exchange and the settlement of securities prices

- <sup>12</sup> Paragraph (1) of Article 98 of the Jordanian Companies Law.
- <sup>13</sup> On 1/30/2020, the World Health Organization declared Covid-19 disease a public health emergency with global impact.
- <sup>14</sup> Al-Maghribi, Mahmoud, Shanded, and Bilal (2020), "Legal Adaptation of the Coronavirus Pandemic in Light of Constitutional and International Constants and Established Legal Principles, Published Research, Journal of the Kuwaiti International Law College, Eighth Year, Special Supplement, Issue 6, Kuwait International University, Kuwait." P. 26.
- <sup>15</sup> Al-Jawfan, Ahmed bin Mohammed (2020), Crisis Management in Judicial Facilities, Reading in the Corona Crisis, Available at: [www.who.int/ar](http://www.who.int/ar)
- <sup>16</sup> Pandemic is also known as "the great distress and affliction that sweeps over money, and it is taken from delusion, destruction, and eradication." The scholars differed in its definition, so it was defined as "what cannot be avoided even if it is known about it, which is all that struck the fruit from locusts, wind, fire, drowning, hail, rain, predominant bird, worms, fruit rot in the tree and poisons, as well as the army passes the date palm and takes its fruit. Pandemic: For more, see: Ibn Qudamah Abd al-Rahman Muhammad ibn Ahmad, al-Mughni and al-Sharh al-Kabir, vol. 2, Al-Manar edition, Egypt, p. 216
- <sup>17</sup> Al-Shuaibi, Al-Mustafa Al-Ghasham (2020), The Impact of the Corona Pandemic on National and International Contracts, Adalah's Journal for Legal and Judicial Studies, Issue 4, Morocco, pg. 227.
- <sup>18</sup> Omar, Ayman Nouredine (2020), Coronavirus and the Crises of International Economies, Volume 43, Number 499, Al-Mustaqbal Al-Arabi, Egypt, pg. 118.
- <sup>19</sup> Al-Shuaibi, Al-Mustafa Al-Ghasham, *ibid*, p. 228.
- <sup>20</sup> Mukhamreh , wajdi. The impact of the Corona pandemic on the Amman Stock Exchange and what is required of the new government ?, an article published in the Jordanian newspaper Al-Ghad, available at the electronic link: <https://alghad.com/>
- <sup>21</sup> Hilal Abu Hijleh, 33% of the volume of trading on the Amman Stock Exchange and 17.2% of the market value decline, an article published on the Jordanian newspaper Al-Dustour website, available on the website: <https://www.addustour.com/articles>