



## Modernizing Jordan's Capital Markets

When established as a private independently-run market in 1997, Jordan faced extensive problems of insufficient liquidity, a weak regulatory structure, and a poorly functioning trading system and securities depository.

Significant development and reform were needed to meet the country's ambitious economic development goals, and build Jordan's capital market sector and its three institutions, the Jordan Securities Commission, the Amman Stock Exchange, and the Securities Depository Center.

Securities law, legislative bylaws, and regulations needed updating and revision to meet global standards. In the area of infrastructure development of information and communications technology, a management information system and wide area network was needed to link the capital market institutions to more than 130 market participants in Jordan.

USAID, through its economic development project named AMIR, began this equity market institutional overhaul in 1999 to establish a fair, efficient, liquid, and transparent market. USAID helped transform a manual system of trades and transactions into one that offers remote real-time trading, market information, and instantaneous quotes.



Photo: Bill Lyons

Investors discuss trades in front of the Amman Stock Exchange's plasma screens that display real time market information.

Working with Jordan's Securities Depository Center, USAID helped shift the existing paper-based stock trading system to a new state-of-the-art computerized system and electronic central registry. USAID funding also established training programs to update the skills and professionalism of market participants, coordinated public awareness campaigns about the new regulations and investment opportunities, and created web sites to provide information on investor protection laws, market data, and listed company information.

Today, Jordan's capital markets are more fair, efficient, liquid, and transparent as a result of the comprehensive initiatives undertaken by USAID. The impressive performance of the Amman Stock Exchange (ASE) is one of the best testimonies to the market's development and the impact of USAID support. Trading volume increased by more than 85%, adding \$4 billion in wealth to investors inside.

***Jordan's Exchange market capitalization has increased by more than 87% since 1999, the year USAID first initiated capital market assistance. Moreover, the Amman Stock Exchange rose 54% in 2003, its best performance in more than twenty years.***

The Kingdom's recognition as one of the top four most improved markets by California Public Employees' Retirement System (CalPERS) and selection to host the International Organization of Securities Commissions (IOSCO) 2004 Annual Meeting further underscores its new position as a self-sustaining enabling financial market for investment and growth.

