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The Securities Issued by Joint-Stock Companies: Shares and Loan Securities

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Abstract:

The study sought to explain the different aspects of the shares and the loan securities. It also outlined all the details relating to the securities. The study also clarified how the securities of the joint-stock companies were issued in terms of their scope, legal nature, and their concept, types, characteristics, and method of circulation. The study reached the most important results by working to amend some of the legislative texts to make them clearer through their expression of content, and by adding some specific texts to address some of the shortcomings in the legislative system.

Keywords:

the securities issued; joint-stock companies; shares and loan securities; Jordan

I. Introduction

In recent years, investors and financial analysts have shown increasing interest in financial markets in developing countries. Scientific experiments have shown that these markets represent excellent investment opportunities and an important attraction for domestic and foreign capital in these countries. The efficiency and regulation of financial markets contribute positively to the overall economic growth of the country. Without these markets, societies cannot obtain financial resources to finance and develop investment activities, especially large-scale activities. Many developing countries are trying to develop their domestic markets to become a component of their financial and institutional capital in an effort to attract and create a legal and institutional component in these attempts both domestic savings and increased foreign investment.

The stock market is considered the main actor in economic growth because economic development is directly linked to the presence of an advanced financial market. On the other hand, the increase in the handling of financial securities, their diversity, and the public's interest in them lead to increased dealings with the stock market and the issuance and circulation of financial documents. In this market, securities are traded in the form of ownership rights through stocks, in the form of loans, bonds, or in the form of other movable securities.

The emergence of the stock market brings about noticeable qualitative changes, which in turn opens the door to more effective financial markets in attracting more funds and financial savings to many individuals and institutions while adding to the characteristics of their financial and monetary products. This has a positive impact on the stability of financial

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and global markets and their effectiveness in the economic development and well-being of human societies.

Based on the foregoing, the study examined the nature of securities business as regards equity, loan support, qualification, operations, and all aspects related to them during the business process.

1.1 The Statement of the Problem

Companies are considered among the most important economic entities in the world, as companies are subject to many financial stumbling blocks, which in turn lead to their urgent need for funds in order to meet the fiscal deficit or any material need. The only way to solve this crisis is by subtracting the company's shares from the subscription system and increasing the number of shareholders. This in turn can cause harm to shareholders and affect the profits that shareholders get negatively, and this leads to severe damage to shareholders, which causes companies to resort to borrowing.

1.2 Study Questions

This study answers the following questions:

1. Does the loan support offered by commercial companies have a ceiling to help them develop their activities?
2. Loan securities are the best way to save for profits in trading shares, bonds, and loan securities?
3. Is loan repayment a safe way to save and make a profit?
4. Does loan support help companies expand their activities through capital and their ability to drive investment?

These and other questions will be answered the following:

First: Shares

1. Stock concept.
2. Stock characteristics.
3. Stock types.
4. Stock trading.
5. Treasury shares

Second: Loan Support

1. The concept of loan support.
2. Loan support characteristics.
3. Types of loan support.
4. Issuance of loan support.

II. Review of Literature

2.1 First: Shares

Joint stock companies issue securities and represent traded property rights in the financial markets, including shares (Add article 90 companies - item a) Article 90 of the Companies Act, clause a) "A public joint stock company shall consist of a number of founders of not less than two who are registered in shares that are subject to listing on stock exchanges and to trading and transfer in accordance with the provisions of this Act and any other legislation in force".

It has been the conventional jurisprudence that equity is an instrument issued by a shareholder with a particular nominal value and represents a partner's share of the company's capital. However, this definition is flawed when considering shares from a material point of view that does not take into account the rights inherent in the stock as an instrument that is vested in the holder both during the life of the company and after its expiration, so some have defined it as "the right of the partner in the company at the same time as the instrument establishing this right".

2.2 Stock Concept

Economists call the term arrow after two things:

1. The shareholder's share or share in a money company. This share represents a portion of the company's capital. The shareholder's issue is expressed in an instrument giving the shareholder the means to assert his or her rights in the company.
2. The proven instrument or document that is given to a shareholder as proof of eligibility, because the share gives the shareholder rights vis-à-vis the company as well as obligations toward it.

Others consider equities to be equally valuable, indivisible, tradable instruments or to represent shareholders' rights in the companies whose capital they have contributed and which, as such, entitle them to exercise their rights in the company.

Through the previous definitions of shares, we find that they give a converging meaning, that an arrow as it is called an instrument or document giving proof of right to the shareholder also refers to the part or portion which owns the shareholder in the capital of the company."

An arrow is thus represented by the right of a partner to own the company's capital, and this right is incorporated into the instrument to be traded according to the instrument.

2.3 Stock Properties

Shares issued by joint stock companies are of equal value and indivisibility for the company, negotiability in the manner prescribed by law, and limited liability. We will present each property in detail.

a. Equals the Value Of The Shares

It means that the value of shares is equal to the value of shares and that they cannot be issued with different nominal values. Wisdom is to facilitate the estimation of majorities in public bodies of the company and to facilitate the process of distributing profits to shareholders and regulating the stock price. The value of shares requires equality in the rights granted by the shareholder and in the duties imposed by the shareholder. However, the original is not related to public order, so it may be violated by issuing shares and granting special privileges to the owners. These shares are called "franchises", but the condition is that all shares belonging to one denomination are equal in the rights granted by the shareholder and in the duties imposed by them (Al-Arini& Al-Fiqi, 2002).

Article 95 states:

The company's capital shall determine the public share and the part actually subscribed to the Jordanian dinar. The share shall be divided into nominal shares and the value of the shares shall be one dinar, provided that the authorized capital shall not be less than 500,000 dinars and the subscribed capital shall not be less than 100,000 dinars, or 20% of the capital to which it is owed.

A distinction must be made in respect of the value of an arrow between the nominal value and the market value and the real value. The nominal value is that by which the stock is issued, recorded in the same instrument, and the capital of the company is calculated on the basis of which.

Market value or stock exchange value is the stock exchange's value. This value is subject to fluctuations, both in height and in yield, depending on the firm nature of the firm's financial position, the profitability involved, the stability of the country's economic and political conditions, and the law of supply and demand.

True value is the net worth and assets of a company. Value depends on the financial position of the company if the assets of the company are the same as its liabilities (Sammour, 2007).

The true value of the stock is equal to or less than its face value. If the assets are greater than or less than the liabilities, the stock's true value is greater or less than its face value.

b. Indivisibility

An arrow is indivisible to a company. If the arrow has more than one person by inheritance, the heirs have to appoint one person who will directly assume the rights attached to the arrow against the company because the company knows the arrow more than the shareholder does. The wisdom of deciding the indivisibility of shares facilitates the direct exercise of the rights that are intrinsically related to them and which are granted to their owners, particularly the right to vote in the public bodies of companies since it is inconceivable that this right would be indivisible.

c. Limited liability

Shareholder liability is limited by the value of the share only. Shareholders are not required to pay more than the value regardless of the amount of the company's debt or its lack of assets.

d. Negotiability and Disposability

The tradability of shares in the buying, selling, mortgages, and shares may be waived by way of entry in the books of the company if nominal and by delivery, if the bearer is a bearer, and by endorsement, if the order and negotiability are its essential feature, which differentiates it from the partner's share in the companies of persons. An original is its absolute negotiability unless such notice is indicated by special restrictions (Al-Arini& Al-Fiqi, 2002).

It is the rule that waivers are the right of shareholders. In the event of forfeiture, they shall not be deprived of their right to public order. However, this does not preclude any restrictions on the exercise of these right on special grounds, provided that such restrictions do not amount to the total confiscation of the right.

The negotiability of shares remains in place even after the dissolution of the company and until the dissolution of its personality, which is concerned with the termination and closure of the liquidation process.

2.4 Stock Types

The types of shares vary according to the criteria to be divided, in terms of the form of the shares themselves to the equity bearer, in terms of the nature of the share provided by the shareholder in the capital to monetary shares and in-kind shares, in terms of the rights granted by the shareholder to the shareholder divided into excellent shares, ordinary shares, and deferred shares, and finally in terms of the relationship of the shares to the capital of the company to the shares of the capital and shares of the enjoyment. Each type of share will be briefly explained (Al-Arini& Al-Fiqi, 2002):

First, in terms of the form of the arrow, you divide it into nominal shares and bearer shares.

a. Nominal shares: The name of the owner is mentioned in the stock exchange. When ownership is transferred to another person, the transfer must be recorded in the shareholders' register in the company. In Jordanian legislation, the transfer must also be recorded in the stock exchange register. The stock exchange is sold on the stock exchange in accordance with the Securities Act, the regulations issued thereunder, and the instructions issued by the Securities Commission.
b. Bearer shares: Shares are those in which the name of the owner is not mentioned and are identified by their numbers. Movable property is considered to be a movable property and therefore transferred from one person to another by handling or delivery. Laws allowing the presence of bearer shares require that the full value of the shares be paid in the shares. Otherwise, they shall be considered nominal until the full value is paid. Naming the company's shares makes it easier for authorities to control the circulation of shares and prevent them from falling into the hands of foreigners. It also protects the right of the owner from loss or theft.
c. Another type of stock is concerned with promissory notes or orders in which the word 'permission' or 'order' precedes the owner's name for the stock and therefore its ownership can be transferred by endorsement, as in commercial securities.

Second, in terms of the nature of the share offered by the shareholder: in terms of the nature of the share offered by the shareholder in the capital, shares are divided into monetary shares and shares in kind.

a- Monetary shares: Cash shares represent a monetary share of the company's capital and are subject only to public subscription. A quarter of the shares' value shall be met upon subscription, provided that the remainder is met within the deadlines specified in the company's regulations or in the dates provided by the Board of Directors. These shares may be traded even before their nominal value is paid in full, provided that they remain in nominal form.
b- In-kind shares: Those which constitute a specific share that a partner is obliged to provide to the company shall be deemed to be real or movable, and such shares shall be met in full.

Trading shall be prohibited before the expiration of two full years from the date of establishment of the company. During this period, vouchers of these shares may not be separated from their original heels (aromas) and a stamp shall be placed on them indicating the type and date of incorporation of the company (Sammour, 2007).

Thirdly, in terms of the rights granted to the owner, in terms of the rights granted to the owner, shares are divided according to this consideration into regular, differentiated, and postponed shares.

1. Ordinary shares: They are of equal value and give equal rights to shareholders. The owner is given a certain amount of profit that corresponds to what he paid the company without any increase or decrease. The owner also bears the loss as much as his shares.

The general rule is that all shares of a shareholding company are considered ordinary shares in the application of the principle of equality in the value of the shares and of the equal rights and duties of shareholders as stated in article 10 (c) of the former Jordanian Companies Act when it was stated that "shares of a public joint stock company shall be given serial numbers and shall be equal in rights and duties and shall not be distinguished." Such a provision is not included in the new law, but since shares are of equal value when issued as one dinar, the principle of equality still exists under the new law.

2. Premium shares: They give the owner special rights and take advantage of advantages not found in ordinary shares and give the owner additional rights over the basic rights of shareholders to attract subscriptions. These rights differ from one company to another according to the conditions for issuing the premium shares.
   Premium shares are distinguished from ordinary shares by the following characteristics:
   a. Priority right to profit ratio.
   b. Priority right to a fixed percentage of profits whether the company wins or loses.
   c. The priority is to restore full equity value when liquidating a company prior to its shareholders.
   d. The shareholder's right to have more than one voice per arrow in the general assembly.

Much legislation explicitly allow for the issuance of excellent shares. The Jordanian Companies Law does not include any provision that permits or forbids shareholding companies from issuing excellent shares, which raises the question of whether such shares can be issued.

Some of them, in legislation similar to the Jordanian Companies Law, even go so far as to say that if the company's regulations so provide, the subscribers will be aware of the truth of the matter in the event of a stock subscription. However, if the company's regulations do not provide for this, it is not permissible to issue an excellent stock unless the company's regulations are amended by an unusual public authority decision (Al-Ugaili, 2019).

As for all public joint stock companies established in Jordan in accordance with the provisions of the Companies Law, they have not issued excellent shares that give their holders higher rights than those granted by their regular shareholders. It also confirms that the Survey authorized the issuance of excellent shares in Article 68 bis of the Companies Act for private equity companies.

This does not mean that there are no excellent stock holdings in Jordan. Some shareholding companies involved in bank operations have issued such outstanding shares based on special laws under which these companies were established.

3. Deferred shares: which are given to founders and promoters of the company's new shares?

When created and renamed deferred, it does not merit a share of the profits deposited until the other shareholders have paid.

Fourth, in terms of the relationship of shares to the capital of a company:

Shares are hereby divided into capital shares and equity shares. Shares are shares that constitute part of a company's capital and are not yet valued. Shares held in equity are shares whose value has been amortized and are those awarded to shareholders whose value was returned during the lifetime of the company before its expiration.

The distinction between these two types of shares is that of consumption. The consumption of shares and their nominal shareholder value during the lifetime of the company, before its dissolution and expiration, are meant to be exceptional. Stock consumption is considered to be an exception, as the stock is not consumed as long as the company remains, as the stock represents the partner's share, and the partner does not have the right to recover its share as long as the company remains.

However, the company may resort to consuming its shares for necessary reasons. This is evident in the case of whether the company's assets are consumed by use and wiped out over time, as in the case of companies whose subject matter is the exploitation of a mine or quarry.

In this picture, if the company waits to implement the mines and quarries, it will not find any supplier from which to pay the share value. At the end of the company's term, shareholders will be able to acquire the value of their shares. Therefore, the company will resort to consuming any portion of its shares for any refund of its shares after a year, until the company has completed a period of time that has consumed its stock n.

As long as consumption is an exceptional process, the following conditions are met:

1. It must be stipulated by the company's regulations. If it is not stipulated, the IPC may decide to consume by amending the company's bylaws.
2. The value of expendable shares shall be paid in dividends or deployable reserves.
3. It refrains from bringing about capital consumption in compliance with the principle of the immutability and inviolability of capital.

If the company deducts a portion of the capital for the consumption of the shares, the creditors may claim the recovery of the deducted. The depreciation also must be stopped if the company does not 1994 make a profit and has no deposit.

The original is that, if stock is consumed, all relations between the shareholder and the corporation are broken. To avoid these consequences, the legislator decides to award the shareholder a share that he enjoys, instead of the share that he has consumed, in such a way that his connection with the company does not cease, and he remains to enjoy himself as a shareholder (Maysoon, 2013).

The light of opportunity gives all the concessions of a stock of capital, except the stated interest in the company's system and the denominator value of the stock upon settlement of the debt.

2.5 Stock Trading

Trading is one of the intrinsic characteristics of the stock, and it is the process following the issue of shares, and this process takes place in the secondary market. Trading means the possibility of transferring the ownership of shares from a person (seller) to (buyer) in one of the following ways:

1. Registration, i.e. registration in the company's shareholders register, and nominal shares are traded.
2. Actual possession by physical delivery of the shares to the bearer.
3. Demonstration is the method of trading shares to order the transfer of share ownership by writing on the back of the share (Maysoon, 2013).

Conditions for trading the shares of a public joint stock company in the second market:

a- It required the company to have obtained the right to start work.

b- To provide the stock exchange with specific data and information, including the company’s annual report for the last financial year.
This means that the trading of the shares of the joint stock company in the second market does not take place until after a fiscal year has passed since the company's right to start work.

Conditions for trading the company’s shares in the first market:

a- One year after the listing of its shares in the second market.
b- The company must have all the securities listed.
c- The company must meet all the conditions specified in the paragraphs of Article Ten of the Securities Listing Instructions.

Trading terms:

1. Shares of public joint stock companies are traded in the secondary market, which is done through dealing in issued securities in accordance with the provisions of the applicable laws, regulations and instructions.
2. Trading the shares of joint stock companies in the stock market must be in accordance with the provisions of the temporary Securities Law and the regulations and instructions issued pursuant thereto.
3. That a stock trading market (Amman Stock Exchange) is established in the Kingdom, and this stock exchange is the body authorized to operate as a regular market for trading securities in the Kingdom.
4. Trading in the securities listed on the Stock Exchange is done through trading contracts between financial brokers, each for the benefit of his client, written according to restrictions recorded in the market records.
5. Trading in the stock exchange is carried out through intermediaries, and trading operations are proven by manual or electronic entries recorded in the stock exchange records.
6. The company's shares shall be returned to trading after the suspension reasons provided by the Securities Commission are removed pursuant to a decision of the authority that issued the suspension.
7. To cancel the listing of the company's shares by a decision of the company's board of directors in the event of a final decision to liquidate and dissolve the company or in the event of a change in its legal capacity.
8. The company listed on the stock exchange is obliged to provide the stock exchange with reports and information regarding the quarterly report reviewed by its auditors and compared to the previous fiscal year, within a month of the end of the relevant quarter (Al-Ugaili, 2019).

2.6 Restriction on Freedom of Trading

The freedom to trade shares is not absolute, but some restrictions may be imposed on them, provided that they do not lead to depriving the shareholder of the right to trade on his name.

a. First: Legal Restrictions

The Companies Law and the Securities Law included provisions prohibiting the trading of shares from one person to another, but this prohibition is not permanent, but rather is limited to a specific period, one of which varies according to the purpose for which it is intended.

Put the text. The restrictions that were mentioned in the texts are:

1. The founders may not dispose of their shares except after the lapse of at least two years from the date of the company's incorporation, and any act in contravention of this shall be considered null, Article (100) of the Companies Law.
   Wisdom guarantees the seriousness of the founders in establishing the company, and the guarantee is a period of stability for the company.
2. The legislator required the person who nominates himself for membership of the board of directors to be the owner of a number of the company's shares determined by the company's system to ensure its good management. To achieve this goal, the legislator requires in paragraph (b) 133 of the Companies Law to place a sign of seizure of the shares with a reference to this in the register Shareholders and share ownership certificate This reservation is subject to the interest of the company and to guarantee the responsibilities and obligations of the member of the Board of Directors.

The legislator took into account that the decrease in the security shares for reasons beyond the member's control does not result in forfeiting his membership as soon as the deficiency occurs, but rather grants him a period not exceeding 30 days from completing the deficiency, otherwise his membership will be forfeited at the end of this period. The ban is not limited to the security shares owned by the members of the board of directors, but includes all the shares owned by the members of the board of directors and their relatives (husband, wife, minor children) according to the text of Article (2) of the Securities Law.

b. The Penalty for this Restriction

Membership is invalidated by law.

- Others insist on invalidity and claim compensation for damages.
  The court has the right to rule the invalidity of his membership on its own, because the invalidity is related to public order.
- The violating council member shall be subject to a criminal penalty, which is a fine of no less than 100 dinars and not more than 1,000 dinars.

3. The Board of the Securities Commissioners may prohibit the trading of any securities in the stock exchange if it deems it necessary, as if the company's capital was reduced or merged with another company or modified the main objectives of the company (Al-Ugaili, 2019).

2.7 Second: The Contractual Restrictions

In addition to the legal restrictions on the trading of shares, this trading may be subject to agreement restrictions that derive from the company's system. Often the goal behind these restrictions is to achieve certain considerations, such as ensuring that the shares are not leaked to undesirable parties to the company.

The general principle is that the company has the right to set whatever conditions it wants to restrict the freedom to trade in its shares, provided that they do not reach the extent of depriving the shareholder of the right to relinquish his shares at all, or suspending this assignment on the free and absolute will of the company. On this basis, it is not permissible to stipulate the right of the board of directors to object Assignment without giving reasons and without providing another buyer that was submitted by the shareholder, because this text requires depriving the shareholder of one of his basic rights, which is the right to waive his name and make him imprisoned for a legal relationship for life, and this may not contradict his personal freedom, which is in public order.

On the contrary, the following conditions may be stipulated:

1. The condition for redemption in the interest of the shareholders or the company, this condition requires that the shareholder who wishes to sell their shares to a foreign person must notify the company of this so that any shareholder or the company's board of directors, as the case may be, can redeem these shares within a certain period and replace the seller for a price Adel (special contribution).
2. The condition that the board of directors approves the assignment so that the board has the right to object to the person of the assignee provided that another buyer proposes the same conditions.
3. The prohibition clause, which is a condition prohibiting the assignment of shares to foreigners or to individuals or groups who compete with the company, appear hostile to it, or work to undermine it.

2.8 Treasury Shares

Below we discuss the concept of treasury shares, the ways companies buy back their shares, the reasons for this and how to dispose of them.

Treasury stock operations mean the company's repurchase of its shares, and the shares that are repurchased by the company are called treasury shares.

According to the instructions for purchasing public joint stock companies for the shares issued by them, "treasury shares" are known according to several legislations as the shares issued by the company and repurchased through the market by the company.

This regulation added a new process in the stock market, which is reflected positively on the market due to the stock trading movement.

And the importance of the company's purchase of its shares shows what must be provided of shares that the company will be able to use in the future for certain uses stipulated by the legislation. Accordingly, these legislations have also tried to limit cases of manipulation and fraud that may occur when the company purchases its shares in the stock market and set the conditions for this work to show procedures (Al-Arini & Al-Fiqi, 2002).

Accordingly, we find that the Jordanian legislator has allowed public companies to buy their shares in the Companies Law, as it stipulates that "the public joint-stock company shall have the right to buy and sell the shares issued by it in accordance with the provisions of the Securities Law and the regulations and instructions issued thereunder."

The comparative legislation decided that the purchase process should be by the joint-stock company, which is listed only from the companies, and the Jordanian legislator also decided that the company should be a public joint-stock company and listed in the stock market and that the subject of the purchase contract of the issuing company is the shares, only other securities.

The shares that are purchased from the stock market are kept by the company as treasury shares until the purpose of the purchase process is achieved for a period specified by the legislator. It is clear to us from the above the definition of a joint stock company's purchase of its shares as "the issuing and listed company's purchase of its shares in the stock market and their retention as treasury shares for a period specified by law to achieve the purpose of the purchase. All this is done in accordance with the terms and procedures stipulated by the legislation."

2.9 The Relationship of the Company's Purchase of Its Shares with Treasury Shares

The Jordanian legislator defined treasury shares as "the shares issued by the company and repurchased through the market by the company" and also stipulated in the instructions that "treasury shares do not have any rights to the profits distributed by the company to the shareholders and are excluded from participating in voting in the meetings of the general body and representation in the board of directors The Jordanian legislator has adopted the same rule based on depriving treasury shares of the rights that are characteristic of the issued shares.

It must also be noted that if the treasury shares are owned by a company for the duration of their holding, in which item are they listed? The Jordanian legislator did not refer in any of the texts to the entity to which the treasury shares are registered.

The importance of the company's purchase of its shares through exposure to their use (Al-Rikabi, 2020):

1. Investment, which is the goal of every economic project.
2. Finding an application for the shares of the issuing company in the stock market, which suggests to investors the presence and demand for certain shares.
3. Paying the company's debts Instead of paying the company's debts in cash, it is possible to pay shares.
4. Reducing the company's capital: It should be noted that some legislations did not specify the procedure that the company should take in the event of its failure to sell those shares, with the exception of the Jordanian legislator who decided to use treasury shares to reduce the capital or distribute them to the company's shareholders on conditions.
5. Delegating the company's employees: Instead of making cash distributions to the company's employees as a form of proxy, it tends to give them treasury shares.
6. Increase in shareholders' profits: The company's purchase of its shares leads to a decrease in the number of shareholders, and this leads to them getting more profits.
7. Their use in share swap contracts: According to an agreement between two companies, one of them owns shares in a particular company by exchanging them for shares of another company.
8. Settlement of the company's debts: This is in the event that the company does not fully collect the value of the shares from the shareholders in the subscription stage, then it purchases its shares from these debtor shareholders at the value of the shares.
9. Revitalizing the market with supply and demand for shares: Accordingly, we find that the company's purchase of its shares entails that the company has treasury shares, and then the use of those shares is exclusive, as the Jordanian legislator is for the purpose of selling them.

2.10 Risks of the Joint Stock Company Buying Its Shares:

1. Risks of Exploiting inside Information: Insiders may exploit this information for their own benefit. The Jordanian legislator decided this by prohibiting insiders in the company and their relatives from dealing in treasury shares.
2. Giving false signals to investors in the stock market that will lead to an increase in the stock price due to an increase in demand.
3. Loss of the rights of the company's creditors: Instead of the company paying its debts, it deliberately buys its shares, which leads to the illegal liquidation of the company, in the belief of some, and this is illogical, as the source of the purchase of shares is from the

voluntary reserve and not from the company's capital, which is the general guarantee for the creditors In addition, some legislation stipulated that the issuing company should not be in debt when purchasing its shares.

Conditions for the company's purchase of its shares in Jordanian legislation:

1. The number of shares to be purchased should not exceed a certain number, which is 10% of the number of shares subscribed to for the company.
2. The source of purchase of the issued shares shall be from the retained earnings and the reserve, except for the compulsory reserve.
3. That the purchase process does not make the issuing company in debt: It indicates that the purchase of treasury shares is not financed by borrowing and that the company does not have an existing loan attribution.
4. The issuing company should not purchase its shares unless a year has passed from the date of registration of the increase shares with the Securities Depository Center, with the exception of increasing the capital by granting free shares (capitalization of profits, reserves, and issue premium).
5. That the purchase process be made through the stock market, taking into account the conditions related to the implementation of the purchase process during the market:
    a. That the daily demand in one trading session exceeds (25%) of the share's daily trading rate.
    b. The company may exceed the percentage referred to in the above item if the (daily trading rate of the share) is low, provided that this percentage does not exceed in any case (50%) of the daily trading rate of the share, provided that the Board obtains the prior approval of the Board for that and announcing that to the public.
    c. That the company implements the purchase process within a period not exceeding one year from the date of the first purchase.
    d. It is forbidden to buy treasury shares through deals.
    e. The company is prohibited from executing purchases of its shares at a price higher than the price of the last transaction executed during the trading session.

2.11 Procedures for the Joint Stock Company's Purchase of Its Shares:

A joint stock company that wants to buy its shares for the stock market must follow certain procedures set by the legislator.

First: Submit an Application for the Company to Purchase Its Shares

The company submits an application to the public authority in the stock market that includes its desire to buy its shares, which is what the Jordanian legislator decided, "The Company that wants to buy treasury shares must submit a written application to obtain the authority's approval according to the amended form for that."

The data that the exporting company must provide with the application:

a. What supports the decision of the general assembly of the exporting company that includes approval of the purchase?
b. A statement of the number of shares that the issuing company plans to purchase.
c. Amounts specified for the purchase of shares and their issuer.
d. A study showing the reasons for which the exporting company planned to purchase.
e. Data showing the financial position of the company.
f. The approval of the official bodies under the control of which the exporting company is subject.

Second: The approval of the Securities Commission and the approval is evidence that the company has completed all the conditions decided by the legislation regulating the company's purchase of its shares. (Al-Rikabi, 2020).

Second: Loan Bonding

1. The concept of Loan Bonds

Many laws defined loan bonds, including the Jordanian law and some other laws that did not include a specific definition, but rather stipulate the provisions on how to issue and circulate them, and finally how to extinguish their value. The Jordanian Companies Law came and defined the bonds mentioned in Article 116 as "the bonds of the loan are negotiable, issued by the public joint-stock company and put forth in accordance with the provisions of this law and any other law relevant to obtaining a loan under which the company pledges to repay the loan and its interests in accordance with the terms of the issuance."

Bonds are defined by another meaning, and they are instruments of equal value that are negotiable in commercial and indivisible ways. They represent a long-term group loan held through public subscription. Work is underway to issue bonds in the form of nominal or bearer certificates that are negotiable and signed by the Board of Directors, and they have coupons. It has serial numbers and also includes the bond number.

The bonds are extracted from coupon books that give serial numbers and are stamped with a prominent seal of the company. Each sheet shall have a stub to be kept in the ledger, including in particular the following data:

1. Issue number and date.
2. The type of paper and its characteristics.
3. The value and duration of the paper.
4. The name, nationality, and address of the owner of the paper for the nominal bonds.

Another definition of the bond: is a negotiable instrument, which proves the right of the holder in the money he provided as a loan to the company, and the redemption of his debt on the date specified for the end of the loan term.

And in a comprehensive definition of bonds, "equal value, representing debts owed by the company that issued them, and proving the right of their holders to the money they provided, or requiring the debt fixed on the dates of their maturity, and these instruments are negotiable by experimental methods.

The bondholder is considered a creditor to the company for its value, so he has the right to recover the value of the bond on the agreed maturity date, and he also has the right to receive the specified interest, to be paid within the agreed terms, regardless of the company's condition, whether it made profits or not, and the entire bond is a general guarantee on the company's money to recover Its value and benefits. Article (116) of the Companies Law obligates all companies that borrow by issuing bonds to fulfill their value in accordance with the conditions set upon issuance so that they may not advance or delay the date of payment (Al-Arini& Al-Fiqi, 2002).

2. The Characteristics of the Loan Bond

First: Bonds represent a long-term group loan:

This means that when the company borrows by issuing bonds that are offered for public subscription, it does not borrow from each subscriber separately, so that the loans are multiplied by the number of subscribers, but rather by contracting with all the subscribers for a loan that is made in total as one unit and its amount is the total value of the bonds imposed on the subscription.

This characteristic entails the necessity of the equality of the loan bonds of the same issue, whether with regard to their conditions and the similarity of rights in them.

Second: Bonds are tradable instruments such as shares.
The way it is traded depends on its form. If it is in the name of the trader, it will be under disposal in the company's records, and if it is for the bearer, then by manual handling, that is, by delivery, and if it is for the order, then by display.

It must be noted that the trading of bonds is not subject to the legal restrictions contained in the trading of shares.

Third: Bonds are instruments of equal value and are issued at nominal value and are not indivisible in the face of the issuing company, and their holders have the right to collect their value from the issuer before the shareholder.

Fourth: Bonds have a term to repay their value, and this term may be short, medium or long.

Fifth: The bond gives its holder two basic rights, the right to obtain fixed interest and the right to redeem the value of the bond at maturity (Al-Ugaili, 2019).

3. Types of Loan Bonds

First: Assigning ordinary or issued loans at the value indicated in them, and the subscriber will have to pay them in full upon subscription, and he will also recover them at the time specified for repayment. These bonds do not give any advantage other than obtaining a fixed interest, so the interest rate is usually high.

Second: Bonds with a fulfillment premium or a fulfillment bonus in order to encourage the public to subscribe to the bond bonds. The company may announce the issuance of bond bonds of a certain value, but it asks the subscriber to pay the amount less than its full nominal value. The bond was issued with a value of 100 dinars, but the company required the subscriber to pay 90 Dinars only, and the difference here is called 10 dinars in this example as the fulfillment premium and the most likely opinion is that the fulfillment bonus is considered a deferred interest, and accordingly, the total amount of the fulfillment bonus with the fixed interest distributed over the number of years of the loan should not exceed the total of the maximum interest rate determined by the law.

There is no explicit text in the Jordanian law, and the same is the case in the Lebanese and Syrian laws about the permissibility of issuing loan bonds with a payment premium, but it can be concluded from the text of Paragraph B of Article 119 companies that "the loan bond may be sold at its nominal value, or at a discount or at an issuance premium, and in all cases it is repaid." The bond at its nominal value" i.e. sold for less than its nominal value or higher than its nominal value, i.e. by adding another amount called the issue premium. The premium is to cover the issue expenses.

However, when the company pays the bond value, it pays its owner only its nominal value. This is what was stated in the aforementioned paragraph, and the phrase that allows the bond to be sold at a discount to its nominal value means, in our opinion, the permissibility of issuing bonds that are called loan bonds at a payment premium (Al-Arini& Al-Fiqi, 2002).

Third: Assignment of loans to women who have a share.

They are ordinary bonds issued at the nominal value indicated in them. They give the right to a fixed annual interest, but to this interest is added a current prize granted to a number of bonds that are determined by lottery methods. Often the interest rate set for this type of bond is less than the normal price. The financial prize and the company resorts to this type of bonds to urge the public to subscribe to them.

The Jordanian law was silent about this type of bond and did not provide for a ban, so we do not find anything that prevents the issuance of such bonds under Jordanian law.

Fourth: Bonds secured by a mortgage or surety.

They are ordinary bonds issued at the nominal value, fixed annually, but their issuance is accompanied by the creation of a guarantee or special insurance to meet their value to encourage subscription. Its assets must be mortgaged or guaranteed for the benefit of the bond bearers group.

Article 122 of the Modern Companies Law states: "If the bonds of the loan are secured by immovable funds or other in-kind assets or otherwise in guarantees or guarantees, the funds and assets must be placed as security for the loan in accordance with the legislation in force, and the mortgage, guarantee or surety must be documented before handing over subscription funds for the company.

Fifth: Bonds convertible into shares.

They are bonds issued with a value not less than the nominal value of the share and give the holder the right to request their conversion into shares and thus change his legal position from a creditor of the company to a partner in it or keep it as it is and thus keep his legal position as it is. Shares are considered an increase in the capital of the company, so a decision must be issued by the extraordinary general assembly of the shareholders, taking into account the other rules prescribed for the capital increase.

This type of bond is authorized by the legislator in Article 117 of this Companies Law. The prospectus in which the bond is subscribed must include all the rules, conditions, and procedures for converting bonds into shares, in addition to an explanation to the bondholders of the benefits due to them and this prospectus attached. In the Securities Issuance Instructions for the year 2005, and in some cases, the company may issue bonds that give the holder priority to subscribe to any increase in the capital, just like the shareholders. Shares whose nominal value does not exceed the value of the bonds owned by the person who uses this right.

4. Issuance of Loan Bonds

First: the conditions for issuing the bond.

The Jordanian law stipulates the conditions to be followed when the company decides to resort to borrowing from the Companies Law, which is by attributing the loan, in Articles (117-120).

1. The approval of the company's board of directors:

The new companies law stipulated that the company's board of directors take a decision approving the issuance of loan bonds, and the approval must be by a majority of at least two-thirds of the members of the board, due to the importance of the decision regarding the company's resort to borrowing.

This new law also requires the approval of the extraordinary general assembly, in addition to the approval of the board of directors, only in the event that a decision is taken to issue loan bonds that are convertible to shares, and the decisions of the mentioned body, in this case, are taken by a majority of 75% of the total shares represented in the meeting.

2. The attribution should be nominative or to its bearer:

Article (118) Companies stipulated that loan bonds be nominal, thus canceling what was in the previous law regarding the permissibility of issuing bonds to bearer. Loan bonds are issued with a single nominal value and in different denominations for trading purposes. The decision of the board of directors and the decision of the extraordinary general assembly in the event of issuing bonds convertible into shares. Article (118) "Negotiability of loan bonds: A- The loan bonds are registered in the names of their owners, and the sales on them are documented in the records of the issuing company or with the body that keeps these records. B- In cases approved by the Controller and the Securities Commission, it is permissible to issue bonds to the bearer in accordance with instructions issued by the Commission for this purpose.

And it was stated in Article (123) that companies' "loan bonds are issued in Jordanian dinars or in any currency in accordance with the laws in force." These are the conditions that the legislator has imposed for the validity of the borrowing process by issuing bonds, and otherwise:

- Subscribers have the right to demand cancellation of the subscription.
  Obligating the company to return the value of his subscription to him.
- The company is responsible for compensating the damage suffered by the subscriber Punishing the public joint-stock company if it commits a violation of the provisions of the Companies Law with a fine of no less than one thousand dinars and not more than ten thousand dinars, with the invalidation of the disposal (subscription) if the court finds a justification for that as stated in Article 279 of companies.

3. The company must have paid all of its debts before borrowing

Second: Subscription procedures for attribution.

1. Preliminary Actions

The company must address the public or to a certain number of people or financial institutions to offer them to subscribe for its bonds as stated in Article 116 companies, and according to the instructions, an application must be submitted to the Securities Commission, accompanied by a prospectus as stated in Annex 4 of the Commission's instructions and it becomes a prospectus Issuance takes effect after 30 days of its deposit with the commission, unless the commission's board of commissioners announces its enforcement or refuses to enforce it during this period. After that, the company or companies that will manage the issues must choose the issue manager to represent them before starting the subscription procedures.

The issue manager and the company prepare a prospectus to offer the loan bonds for subscription. The prospectus contains all the information required from the company, the loan bonds, the purpose of borrowing and how to subscribe to it.

2. Subscription Procedures

Accordingly, the invitation to citizens to subscribe to the loan bonds is carried out pursuant to the provisions of Paragraph A of Article Five of the instructions through the effective issuance prospectus by announcing the approval of the Authority on its formula and the data and information it contains, provided that the advertisement is published on two local pages at least twice, before a period of no less than Seven days from the date specified for the start of the subscription or sale.

And it was stated in Appendix No. 2 of the prospectus for the issuance of loan bonds and attached to the instructions for issuing and registering securities that this form is used for the purposes of requesting the registration of securities under the Securities Law No. 76 of 2002, and it is not permissible to use any other form for this purpose. The purpose of publishing the issue is to inform the investor about All information related to the loan and the company's financial situation with the aim of developing the subscriber's investment awareness so that he is aware of the matter before the subscription.

The loan bonds are subscribed for within the period specified in the prospectus with the selling agents who are licensed banks and the financial companies mentioned in the prospectus, as well as the underwriters, if any, and the sales agents' contact with regard to receiving the prospectus and forms and sending the subscription requests together with them with the issue manager (Fawzi, 2019).

III. Research Method

We summarize how the subscription process is conducted as follows:

1- All natural and legal persons can subscribe to the loan bond without discrimination in nationality in the event that it is limited to Jordanian nationality, then there is no preference for the company's shareholders over others in the subscription issued by their company.

2- Subscription is made by filling out the subscription application form prepared for this purpose and available at the selling agents of licensed banks and financial companies.

3- The subscriber signs the aforementioned form, and the value of the bonds he has subscribed for is paid in one go, and the value is recorded in the name of the company. But if there is an underwriter to give him, in this case, the amounts paid may be recorded in his name with the approval of the board of directors of the proposed company, and the subscription proceeds shall be returned to the company on the date agreed upon with the underwriter as stated. In Article (120) companies.

4- When the value of the subscribed bonds is fully paid, the subscriber gives a receipt for payment from the selling agent.

5- The signed subscription applications whose value has been met shall be sent to the Issue Manager.

6- In the event that there is an underwriter, this underwriter allocates the bonds to the subscribers and the requests of the public first, then the rest of the bonds are covered by the underwriter, and the proceeds of the public's subscription and the underwriter's subscriptions are paid to the account of the issue manager, and the issue manager after deducting the commissions due to the underwriters and the underwriters The subscribers, whether the public or the underwriter, may transfer the full amounts of the net subscriptions to the account of the company issuing the bonds (Fawzi, 2019).

7- After closing the subscription process and covering the remainder of the underwriter, each subscriber gets the number of bonds he has subscribed to. But in the event that the total subscription exceeds the value of the loan, then the company offers to allocate a number of loan bonds to each subscriber equally among all subscribers by reducing the number of bonds subscribed to in proportion to the number of loan bonds offered by the company for subscription in application of what was stated in Article 104 companies.

8- If the company has no underwriter and the subscription within the specified period has not reached the entirety of the bonds offered, the board of directors shall be satisfied with the value of the bonds with which they were made, and this is in application of Article 124 Companies.

IV. Discussion

4.1 Issuance of Loan Documents

After completing the subscription, the company:

a. By issuing the bond documents to the subscribers starting from the date previously specified in the prospectus.
b. Handing over these documents to the company's subscribers in return for presenting the payment receipt or subscribing the license.
c. Issuance of the final bonds of the loan and distributed to its owners, or the company issues the bonds to the subscribers without issuing bonds documents to begin with.
d. Since the bonds of the loan are nominal, the company is obliged to keep a special register in which the names of the owners of the bonds are recorded.

The form in which the bond is issued There is no specific form according to the form that the company deems appropriate, but the Companies Law stipulated data that must be included in any bond (21).

4.2 The Data Supposed to be on the Face of the Bond

- The name of the borrowing company, its logo, if any, its address, registration number, date and term of the company. The name of the owner of the loan bond if the bond is official. Bond number, type, face value, term and interest rate.

4.3 The Data Supposed to be on the Back of the Bond

- The total value of the issued loan bonds.
- Dates and conditions of amortizing the bond and the dates of interest accrual.
- Special guarantees for the debt represented by the bond, if any.
- Any conditions that the company deems worthy in addition to the condition that they comply with the terms of the issue.
- A condition related to whether the bonds of the loan are convertible into shares. It is stated on the face of the bond that it is convertible into shares, and on the back of the bond, the financing terms and dates that the owner expresses his desire to convert his bonds into shares and these procedures in the case of offering the bonds for public subscription, or in the case of private subscription There is no need for all of these procedures, but the subscription is for specific persons in accordance with the instructions of the Securities Commission.

4.4 The Rights of Bondholders

a. The Right to a Fixed Interest

The bond holder has the right to obtain the fixed interest on the agreed dates, provided that it does not exceed the maximum permitted by law, and the interest is considered part of the debt.

The principle is that the bond holder does not participate in the profits, but there is nothing to prevent it from stipulating allocating a percentage of the profits granted annually to bond holders in addition to the fixed interest that they receive.

b. Receiving the Value of the Bond when the Term is Due

The company is obligated to return the value of the bond to its bearer when the agreed-upon term comes, and if it fails to pay it, the bond holder may sue it to obtain his right or request for its insolvency, and the term is decided in the interest of the two parties. The depreciation of the bond and the difference between it and the depreciation of the stock.

Since fulfilling the value of the bonds at once may become impossible for the company, especially if the loan amount is large, the company often requires when issuing bonds to gradually fulfill their value by consuming a number of them each year. Bonds are appointed annually by lottery, and the amortization must be stipulated in the loan contract, and the method of amortization should be indicated in the loan contract, and the method of amortization and its conditions, and this is announced in the subscription prospectus as written on the back of the bond.

For the consumption of its bonds, the company may follow the method of purchase in the stock exchange, so it buys each year a number of bonds when they are sold in the stock exchange.

The principle is that depreciation is made from distributable profits, and if there is no depreciation, then depreciation is from the reserve. If there is not, it must be paid from the capital, and there is nothing wrong with that on the creditors, because the lack of capital due to depreciation is offset by a decrease in the amount of debts, so the general guarantee of the creditors remains proportional to the remaining debts and sufficient to cover them. This is in contrast to shares, as their consumption must be from profits. If the company does not make profits, the process of consuming shares stops in order to preserve the principle of constant consumption of money, and when the bond is consumed, the carrier connection with the company is finally cut off, as when the debt is over, there is no longer the creditor-debtor bond.

The legislator faced the imposition in which the company pays interest on the bonds it sampled to be consumed before its maturity, and decided that it is not permissible for the company to recover the amounts of interest paid when the bond was presented on its due date for payment. The company has reported the amount of the bond until the date of the actual response, as it was able to avoid paying bills after depreciation (Al-Arini& Al-Fiqi, 2002).

c. The Right to Trade the Bond by Commercial Means

The method of trading the bond depends on the form in which it is issued. If it is nominal, it is traded by means of entry in the company's records, and if the bearer has it, it is traded by way of delivery, and if the order is to be traded by endorsement, and when the bond is traded, the bearer is not considered a transferee to him who has no more than he owns.

V. Conclusion

There is no doubt that after reviewing stocks in general, treasury stocks in particular, and loan bonds, it became clear to us that stocks and bonds are among the most important securities issued by joint stock companies, which convey the state of the company and how these securities are issued, their types, characteristics and circulation. In order for this to be easy for the reader, the following table explains the most prominent features that distinguish shares from bonds in a simplified manner.

Table 1. Shows the Difference between Stocks and Bonds

BOND	SHARES
An instrument that is part of a loan and its value is not included in the money.	A deed that represents part of the money
The bearer is a creditor and not a partner (debt instrument).	partner holder (ownership instrument)
Issued after establishment to expand business	Issued before and after incorporation
The holder does not have the right to attend and vote	The holder has the right to attend and vote.
The owner of the bond is not exposed to risks and his share is guaranteed	The shareholder may lose his share due to the company's debts, or insolvency (bear the risk of insolvency).
The bondholder has the right to a fixed interest that does not change, whether the company profited or lost.	The shareholder has the right to dividends.
The bond has a fixed time to be repaid.	It is only redeemed upon liquidation of the company.
Issuance of bonds is a means of financing by borrowing from others.	Issuing shares as a means of financing from the owners of the project.

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