



First Annual Report

1999

Board of Directors

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Mr. Mohammed B. Belbeisi	Member
Mr. Daoud Kishta	Member
Dr. Hani Halawani	Member
Mr. Sameer Jaradat	Member

Chief Executive Officer

Mr. Jalil Tarif

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CHAIRMAN'S STATEMENT

Dear Members of the General Assembly of Amman Stock Exchange,

I am honored to extend a very warm welcome on behalf of myself and my colleagues, members of the Board of Directors, and to thank you all for responding to our invitation to attend this first annual meeting of your General Assembly. I am pleased to welcome the representative of the Jordanian Securities Commission (JSC) to this meeting, and to extend my deep gratitude to JSC for its continuous support to Amman Stock Exchange (ASE) and the various institutions of the capital market. Moreover, allow me to submit to you the First Annual Report of ASE for the year 1999, which summarizes the most important accomplishments and future plans of ASE.

Ladies & Gentlemen,

The founding General Assembly of ASE held its meeting on 11/3/1999, during which ASE/Securities market was established and its Board of Directors was elected. Ever since, ASE has been undertaking its operations as a non-profit private institution that enjoys administrative and financial autonomy, and as the sole party authorized to practice as an official market for trading in securities in the Hashemite Kingdom of Jordan (HKJ), subject to JSC supervision, pursuant to the Securities Law No. (23) for the year 1997. From that date onwards, ASE started to fulfill its goals in accordance with the Securities Law. From March 11th till end of 1999, the Board of Directors of ASE held 34 meetings that accomplished numerous tasks at different levels. This can be summarized as follows:

I: Regulations and Directives:

1- ASE Internal By-Law

The Board of Commissioners of JSC approved the Internal By-Law of ASE, which set out the latter's tasks and membership as comprising financial services companies licensed by JSC to perform financial brokerage activities. The By-Law also lay out the authorities of the General Assembly of ASE and how to organize its meetings; how to set up the Board of Directors and the tasks assigned to it; the rules for appointing the Chief Executive Officer (CEO) and his/her tasks; as well as the financial resources and fiscal year of ASE.

2- Adoption of AFM Regulations

As a transitional step, ASE adopted the regulations and directives previously applied in Amman Financial Market (AFM) after having introduced the necessary amendments thereto in line with the new situation of the securities market. Accordingly, the following Directives were adopted:

1. Trading Rules.
2. Instructions for Listing and Suspension of Trading in Shares of Public Shareholding Companies.
3. Directives for Auction of Securities.
- 4-Directives on Code of Ethics of ASE
- 5-Directives on Disclosure Related to ASE
- 6-Regulations for the Fees and Commissions of the ASE
- 7-Directives on Fees and Allowances for Services Provided by ASE to Other Parties

8- Financial and Administrative Regulations

ASE issued the following financial and administrative regulations and directives as needed to conduct its business:

- a) Administrative Organization.
- b) Financial Regulations.
- c) Supplies Regulations.
- d) Directives on the Authorities to Sign ASE Accounts.
- e) Transportation and Travel Regulations for members of the Board of Directors and the CEO of ASE.
- f) Directives for Setting the Fees of the Chairman and members of the Board of Directors of ASE.
- g) ASE Personnel Regulations.
- h) Operational Instructions for the Savings Fund (Provident Fund) of ASE Employees.
- i) Directives on Medical Treatment of ASE Employees.

II: The Electronic Trading Project

ASE has been making good progress on the electronic trading project that will be used in place of the manual trading system currently in place, in implementation of the Agreement that was signed between AFM and Bourse de Paris towards the end of 1996. Through its Executive Management and the Technical Committee set up by the Board of Directors, ASE has been able to follow up on all matters pertaining to the electronic trading whether in terms of choosing the trading system; testing the software; adapting it to suit the local environment for trading in securities; equipping the electronic trading floor; linking the brokers' offices with the trading floor; and endorsing the Trading Rules under this system.

Training was completed and simulation sessions were held for the purposes of ascertaining the safe application of the system and the ability of the brokers to deal with it efficiently and effectively. It is to be noted that the actual electronic trading is expected to start by end of March 2000, and that ASE plans are based on a gradual shift from manual to electronic trading. The UK government has provided project management expertise through the agency of Capital Markets Partners Ltd.

III: Disclosure and Dissemination of Information

ASE has given special attention to the subject of introducing and disseminating information. It has started to publish a periodical called ASE Newsletter, and has signed an agreement with *Bloomberg* according to which it provides the latter with online data about trading at ASE, in addition to similar agreements previously signed with *Reuters* and *Access*. Moreover, it has worked on publishing a special report on ASE and investment in Jordan in the *Institutional Investor* magazine, and has printed and circulated its various Regulations and Directives, for easy reference. In order to provide information to potential investors and interested parties throughout the world, and to acquaint them with the investment opportunities and the Jordanian capital market, ASE has set up a web site on the Internet designed by the *Computer Networking Services* with USAID support channeled through AMIR program.

IV: Members

In 1999 three companies licensed to practice brokerage activities by JSC were approved as new members at ASE. These were the *Export and Finance Bank*, *Arab Financial and Consultancy Services* and *Trans Jordan for Financial Services*.

V: Listing

ASE has called on public shareholding companies that fulfill the listing requirements to submit applications to list their securities at ASE. It was agreed in 1999 to list the shares of nine companies with a total capital of JD 88.5 million.

VI: Co-operation with Arab and International Institutions

ASE joined the Union of Arab Stock Exchanges and Securities Commissions in 1999, and participated in its Nineteenth Meeting. It also joined to the International Federation of Stock Exchanges (FIBV) in Paris, and the Federation of Euro-Asian Stock Exchanges (FEAS) based in Istanbul. ASE hosted the Fifth Meeting of the General Assembly of FEAS in Amman during October of 1999, and ASE was elected as chairman of FEAS Executive Committee of Information and Marketing.

Ladies & Gentlemen

Turning to future plans, ASE will direct its efforts towards accomplishing a set of objectives, the most important of which are the completion of the Electronic Trading Project and the Draft Directives for the Financial Brokers' Guarantee Fund. ASE also aims at encouraging issuers of securities to list their securities in ASE; activating its role in the privatization process; strengthening cooperation ties with international and Arab capital market institutions; enhancing the interaction between ASE and the local community; and spreading awareness of the role of ASE in buttressing the national economy. ASE is currently preparing a business plan for the five coming years, with a special focus on setting a clear vision for future ASE plans as well as its working programs for the five coming years.

In conclusion, I hope that our institution has proved its ability to contribute, along with other economic institutions, to building Jordan's economy. May prosperity prevail throughout the Kingdom, and we shall always maintain with pride the accomplishments of our beloved country under the wise leadership of His Majesty King Abdullah II Ben Hussein, and His Royal Highness Prince Hamza Ben Hussein the Regent.

Dr. Abder-Rahman Toukan
Chairman of ASE Board of Directors

ECONOMIC SITUATION

Macro economic indicators in 1999 showed an overall improvement in the performance of economic activity, public finance, the monetary sector and the balance of payments. Primary indicators announced in the “Budget Address for the Year 2000” point to an expected growth in GDP in 1999 of 3.9% in current prices and 2.0% in fixed prices, amounting to JD 5.457 billion in the current prices. The expected drop in growth is the result of more than one factor. The agricultural sector’s falling behind by 18% in the aftermath of the drought that swept over the Kingdom; the varying rates of growth in the other economic sectors from 12% in the mining sector to 5% in the electricity, water and social services sectors, and of 2% or less in the remaining sectors - including constructions which recorded a growth for the first time in years. It is to be noted that the rate of growth in fixed prices would reach 3% if the effect of the agricultural sector’s decline is discounted.

As for the monetary policy, the Central Bank of Jordan (CBJ) has pursued a policy of gradual decrease of interest rates, now that CBJ foreign reserves have reached a comfortable level, where net foreign assets rose from JD 1611.6 million by end of 1998 to JD 1992.3 million by end of 1999 an increase of JD 380.7 million or 23.6%. In terms of interest rates, the discount rate went down from 9% by end of 1998 to 8% by end of 1999; interest rates on three-month-certificates of deposit (CDs) dropped from 9.45% to 6.0%; and the weighted average of interest rates on credits in the form of loans and advances declined to 12.7% from a previous 12.9%. M2 went up from JD 6003.2 million to JD 6689.1 million, i.e. by 11.4%.

Official data indicate that the Consumers Price Index for 1999 has registered a rise of 0.6%.

With respect to public finance performance, the general budget of 1999 was affected by the drop in economic growth rates, as well as by the financial offshoots of the package of economic and tax legislations and procedures adopted during that year, with the aim of reducing the cost of local production to increase its competitiveness and boost sustainable economic growth. Nonetheless, primary data on public finance performance in 1999 indicated an improvement in comparison with 1998, where domestic revenues in 1999 reached JD1589.7 million as compared to JD 1496.5 million in 1998, namely, an increase of 6.2%, in spite of the drop in customs duties proceeds. This drop came as a result of a series of cut backs in customs duties during 1999, the most important being the reduction of the

overall ceiling from 40% to 35%, of the customs duties on inputs to 10%, and of the customs duties on cars in general.

On the expenditure side, total expenditure and net lending in 1999 amounted to JD 2007.1 million, against JD 2055.1 million in 1998, namely a drop of 2.3%, despite the drought that swept over the country and necessitated additional allocations to support farmers and reduce fodder prices for cattle breeders; and a salary rise for active and retired civil and military servants. This drop in current expenditure reflected the government's efforts to control current expenditure with the aim of reducing the budgetary deficit, which constitutes a major factor in the economic reforming process.

The aforementioned developments led to a distinct increase in the domestic income to current expenditures ratio amounting to 96.8% in 1999, against 91% in 1998. Moreover, the fiscal deficit excluding grants was reduced to JD 417.4 million, against JD 558.6 million in 1998. With grants included and scheduled interests excluded from the monetary deficit, the monetary deficit in the general budget would come down to as low as JD135.7 million against JD 296.6 million for the year 1998.

On internal indebtedness, the data indicate a decline in its balance at the end of 1999 to reach JD 889 million or 16.3% of the GDP against JD 1006.9 million, or 19.2% of the GDP at the end of 1998, i.e. a drop of 11.7%. This fall in the outstanding balance of domestic public debt was mainly the result of the government's settlement of the total balance of ordinary advances granted by CBJ, amounting to JD 119 million by end of 1998, the partial settlement of the exceptional advance, and the issuance of treasury bills and bonds for the purposes of developing the bonds market.

In another vein, the outstanding balance of external public debt went up to JD 5186.2 million by end of the year 1999, constituting 95.2% of the estimated GDP for 1999, against JD 5009.8 million or 95.7% of the GDP by end of 1998, thus registering an increase in absolute terms of 3.5% mainly as a result of the rise in the Yen, and the withdrawal of part of the loans signed with the Arab and international institutions and funds.

The total external public debt service on an accrual basis during the year 1999 amounted to JD 550 million, of which 290 million were installments and JD 260 million was interest. The debt service during the same period of the year declined when the rescheduled sums of the Paris Club minutes signed on 20/5/1999 are taken into account, so that the debt service in monetary terms reached JD 353.9

million, of which JD186.3 million were installments and JD 167.7 million were interests.

In the light of the importance given by the government to the subject of securitization of domestic public debt with a view to developing the governmental securities market, and consequently activating the local capital market, especially the secondary market, and managing the monetary policy in a more effective manner, the Ministry of Finance started issuing treasury bills and bonds of different terms, through auction, in a regular and periodical manner. Such auctions were pre-announced. Undoubtedly, issuance of more internal public debt instruments will lead to deepening the capital market in general and the bonds market in particular, and would enable the monetary policy to accomplish its goals more effectively. It transpires from the above that the implementation of the new issuance plan will not increase the balance of domestic public debt, since ordinary and exceptional advances will be replaced throughout the plan with treasury bills and bonds.

In respect of the government selling out its share in a number of companies, the Jordanian Investment Corporation sold the government's share in ten companies during the year 1999 for a total value of JD 31 million.

ASE PERFORMANCE IN 1999

I: The Secondary Market:

Indicators of the secondary market (which is the regular market, the parallel market, transactions off the trading floor and the bonds market) registered a slight decline in their levels compared to 1998. The secondary market recorded in 1999 a trading volume of JD 503.1 million compared to JD 538.7 million in 1998, namely a decline of 6.6%. The value of traded shares in both the regular and parallel markets constituted the major part of this volume, with a value of JD 389.5 million during 1999 compared to JD 464.4 million in 1998, i.e. a decline of JD 74.9 million or 16.1%, table (1).

Table (1)
Trading Volumes of the Secondary Market (1995-1999)
(JD Million)

Year	Regular Market	Parallel Market	Bonds Market	Off-Floor Transactions	Total
1995	362.1	56.8	12.2	83.0	514.1
1996	210.7	37.9	5.1	28.9	282.6
1997	304.1	51.2	2.0	68.1	425.4
1998	413.6	50.8	4.1	70.2	538.7
1999	342.6	46.9	4.1	109.5	503.1

Following is a review of the secondary market activities in 1999:

A- Regular Market:

The number of companies listed on the regular market was 99 by end of 1999, against 100 listed companies in 1998. The shares of the *Export and Finance bank*, *AL-Ekbal Printing and Packaging Company*, and the *Union Tobacco and Cigarettes* were listed in this market. The shares of the *National Industries Company*, the *Intermediate Petro-chemicals Industries Company*, and the *Poultry Processing Company* were transferred to the parallel market. The shares of the *Jordan Printing and Packaging Company* were de-listed.

As for the performance of the regular market, the shares of 99 companies were traded this year. The share prices of 39 companies went up, of 54 went down, and of 6 stabilized.

The trading volume in this market amounted to JD 342.6 million during 1999, compared to JD 413.6 million the previous year, i.e. with a drop of 17.2%.

Concerning the trading volume in the regular market by sector in 1999, the industry sector came first with a trading volume of JD 181.0 million, or 52.8% of the total trading volume, followed by the banks and financial companies sector with a trading volume of JD 125.1 million, or 36.5%, then the services sector with a trading volume of JD 29.7 million, or 8.7%, and finally the insurance sector with a trading volume of JD 6.8 million or 2.0% of the total trading volume, table (2).

Figure (1)
Trading Volume of the Regular Market

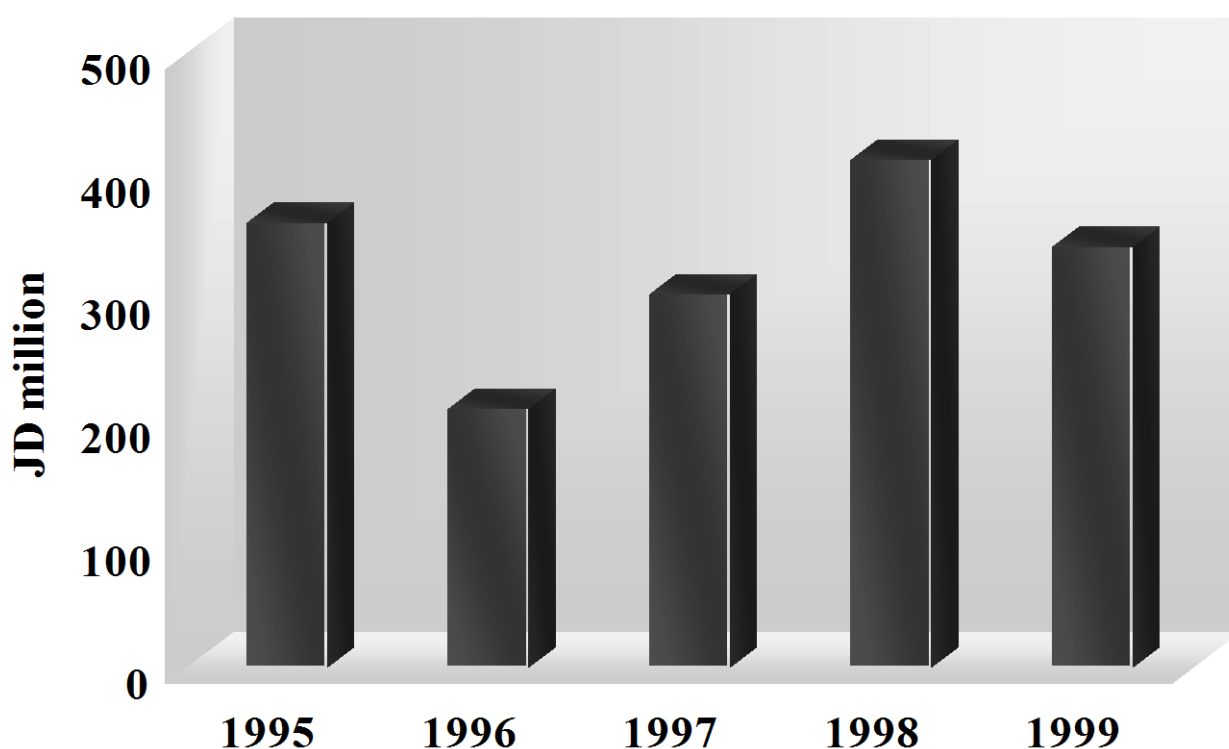
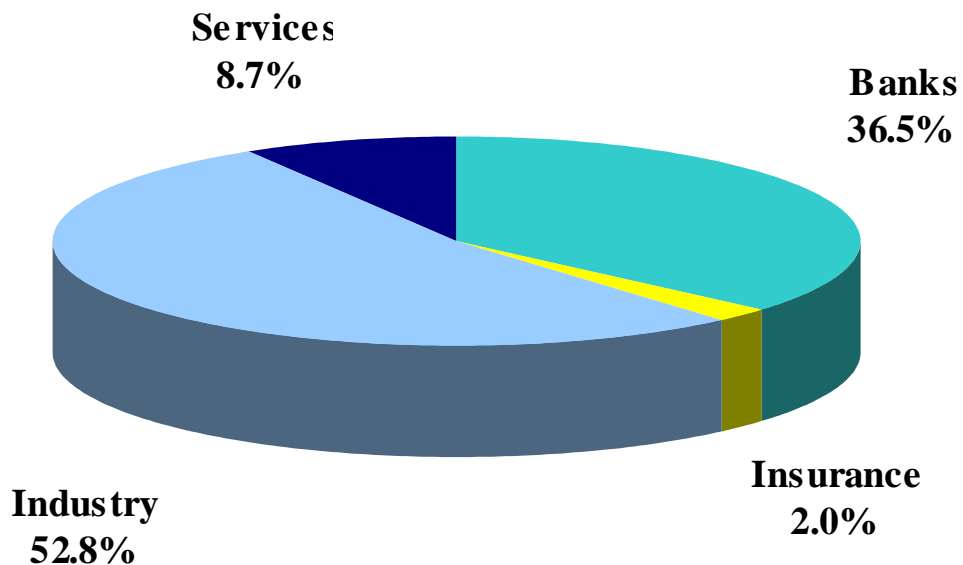


Table (2)
Trading Volume of the Regular Market by Sector (1995-1999)
(JD Million)

Year	Banks	Insurance	Services	Industry	Total	% Chg
1995	149.6	7.4	82.0	123.1	362.1	(15.8)
1996	83.1	3.1	42.5	82.0	210.7	(41.8)
1997	165.4	4.5	31.4	102.8	304.1	44.3
1998	191.0	5.1	24.1	193.4	413.6	36.0
1999	125.1	6.8	29.7	181.0	342.6	(17.2)

Figure (2)
Trading Volume of the Regular Market by Sector, 1999



As for the number of traded shares during 1999, it has amounted to 177.1 million shares, as compared to 154.6 million shares in 1998 an increase of 14.6%. At the sector level, industry came first, where 112.1 million shares were traded, i.e. 63.3% of the total number of traded shares in the regular market. The banks and financial

companies came second with 45.4 million traded shares, or 25.6%, followed by the services sector with a number of traded shares of 16.4 million shares, or 9.3%, and finally the insurance sector with 3.2 million shares, i.e. 1.8%. This increase in traded shares was accompanied by a rise in the number of executed transactions, which reached 123.3 thousand transactions in 1999 against 104.4 thousand transactions in 1998, namely a rise of 18.1%, table (3).

Table (3)
Trading Volumes of the Regular Market (1995-1999)

Year	No. of Traded Shares (million)	No. of Transactions (thousand)	No. of Traded Days	Turnover Ratio %
1995	125.1	156.8	248	20.9
1996	101.3	120.9	246	15.4
1997	101.7	97.0	248	14.5
1998	154.6	104.4	244	15.9
1999	177.1	123.3	242	17.9

With regards to daily trading average, the volume declined to JD1.4 million, a decrease of 16.5% compared to the daily average of 1998. The daily average of traded shares rose to 731.9 thousand shares, with an increase of 15.5% compared to the previous year. As for the daily average of executed transactions, it rose to 509 transactions, with an increase of 19.1% compared to the previous year.

Concerning the turnover ratio, which represents the number of traded shares as a percentage of the number of subscribed shares, the industrial sector ranked first with a turnover rate of 26.2%, followed by the services sector with 13.9%, the banks and financial companies sector with 11.2%, and finally the insurance sector with 8.4%. In conclusion, the turn over rate for the regular market went up to 17.9% for this year, compared to 15.9% the previous year.

As for the most traded companies, it is to be noted that the first ten companies in terms of the traded shares represented 56.1% of the number of traded shares in the regular market, while the first ten companies in terms of trading volume formed 69.3% of the total trading volume in the regular market.

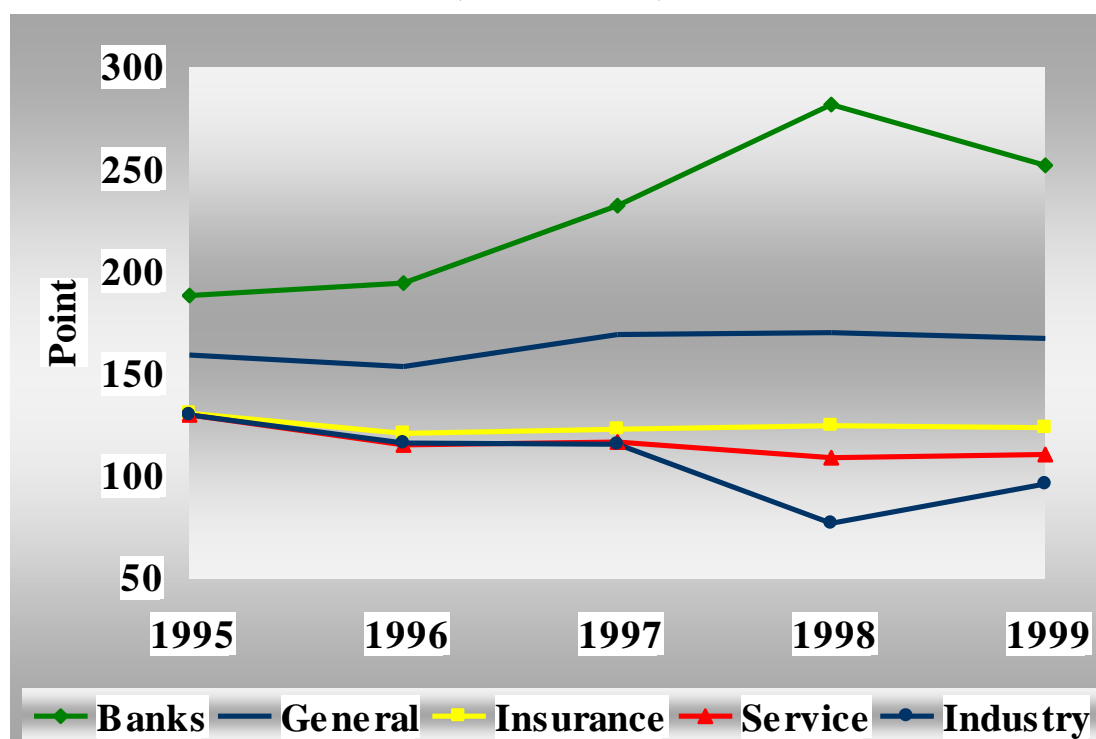
General Share Price Index

The general index weighted by market capitalization dropped to 167.4 points by end of 1999, as compared to 170.1 points at the closing of the previous year a decline of 1.6%. At the sector level, the index for the industry sector rose by 25.1% compared to 1998, and for the services sector by 1.5%, while the index for the banks and financial companies sector declined by 10.6%, and for the insurance sector by 0.8%, table (4).

Table (4)
Price Index Weighted by Market Capitalization (1995-1999)
(1991 = 100)

Year	Banks	Insurance	Services	Industry	Total	% Chg
1995	188.3	130.8	129.9	130.0	159.2	10.8
1996	194.4	120.8	115.3	116.2	153.5	(3.6)
1997	232.3	122.9	116.6	115.5	169.2	10.3
1998	281.7	124.7	109.0	76.9	170.1	0.5
1999	251.9	123.7	110.6	96.2	167.4	(1.6)

Figure (3)
Price Index Weighted by Market Capitalization (1995-1999)
(1991 = 100)



On the other hand, the Un-weighted (simple) index of share prices declined to 64.2 points by end of 1999, as compared to 64.7 points at the closing of 1998 a decline of 0.9%. At the sectors level, the index for the services sector rose by 9.5%, and for the industry sector by 1.2%, while the index for the banks and financial companies sector declined by 10.7%, and for the insurance sector by 7.7%, table (5).

Table (5)
Un-weighted Price Index (1995-1999)
(1991 = 100)

Year	Banks	Insurance	Services	Industry	Total	% Chg
1995	168.0	133.0	115.2	85.6	109.1	(11.4)
1996	145.8	123.6	97.8	65.2	89.7	(17.8)
1997	125.5	122.2	93.9	52.1	77.7	(13.4)
1998	109.4	123.6	79.0	40.4	64.7	(16.7)
1999	97.6	114.1	86.5	40.9	64.2	(0.9)

Market capitalization of companies listed in the regular market by end of the year went down to JD 3791.9 million, as compared to JD 3835.0 million by end of 1998, i.e. by a drop of 1.1%. At the sectors' level, the market capitalization of the industry sector rose by 23.8%, for the insurance sector by 6.8%, and for the services sector by 1.6%, while the market capitalization for the banks and financial companies sector dropped by 10.1%, table (6).

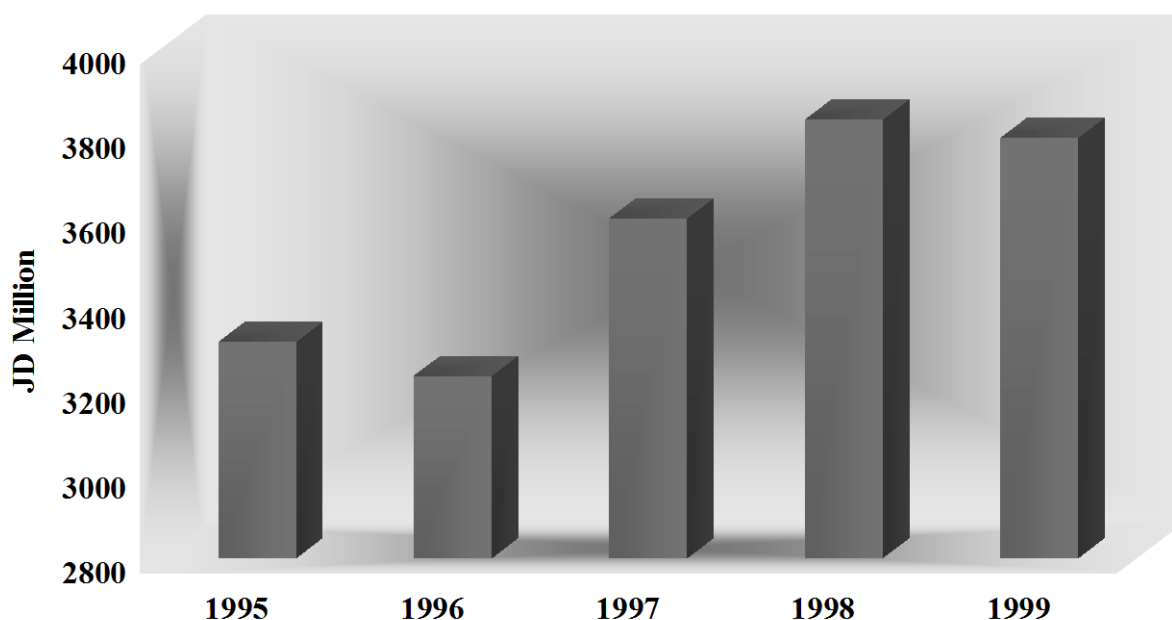
Table (6)
Market Capitalization of the Listed Companies at the
Regular Market (1995-1999)

(JD Million)

Year	Banks	Insurance	Services	Industry	Total
1995	1641.3	72.5	253.7	1343.2	3310.7
1996	1695.7	69.6	248.4	1216.8	3230.5
1997	2001.8	71.4	256.7	1272.5	3602.4
1998	2609.8	73.8	264.9	886.5	3835.0
1999	2346.6	78.8	269.2	1097.3	3791.9

In terms of market capitalization, it is to be noted that the largest ten companies constituted 76.3% of the market capitalization of the companies listed in the regular market.

Figure (4)
Market Capitalization of the Listed Companies at the
Regular Market (1995-1999)



B- Parallel Market

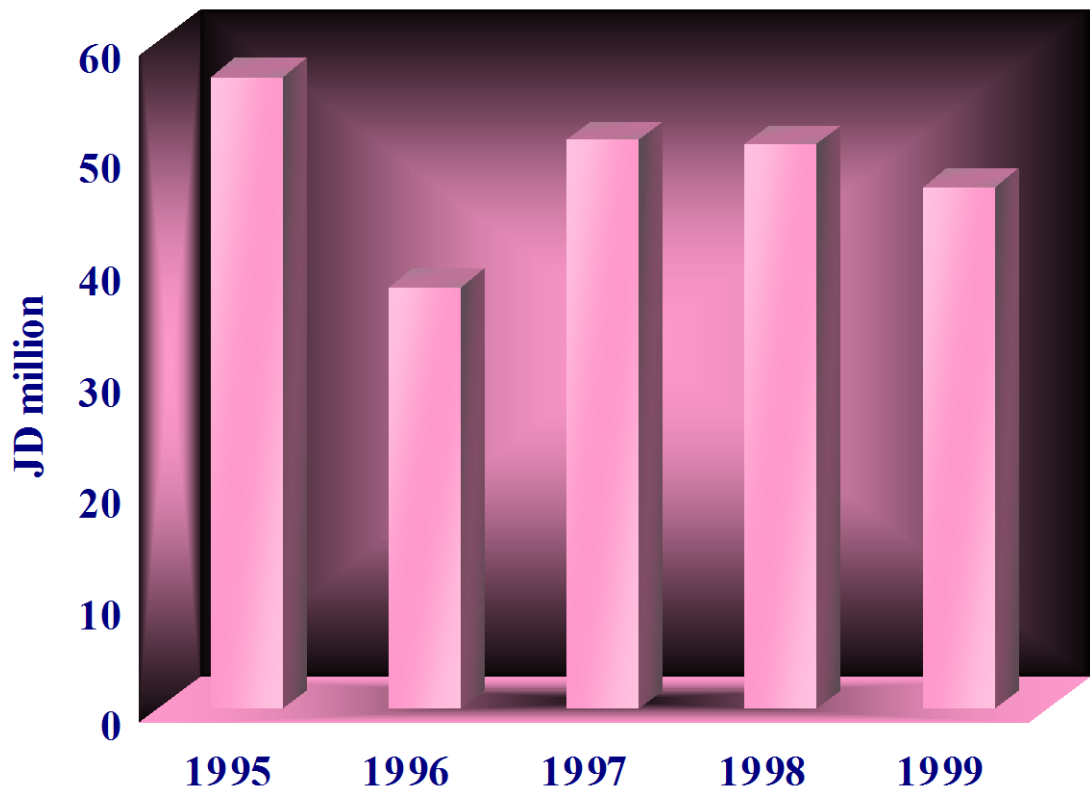
The number of companies listed in the parallel market went up to 53 companies by the end of 1999, as compared to 50 by the end of 1998. This increase was the result of listing the shares of three new companies which fulfilled listing requirements; the listing of the Jordanian Housing Bank Fund; the transfer of shares of *National Industries Company*, and *Intermediate Petrochemicals Industries*, and *Poultry Processing Company* from the regular market to the parallel market; the merging of *Arab Jordan Investment* with *Mediterranean Tourism Investment*; and the transfer of shares of *Exports and Finance Bank*, *AL- Ekbal Printing and Packaging*, and *Union Tobacco and Cigarettes* to the regular market.

As for the performance of the parallel market, the trading volume was JD 46.9 million in 1999, as compared to JD 50.8 million in 1998 a decline of 7.6%. The number of traded shares rose by 0.8% compared to the previous year, to reach 94.0 million shares, and the number of executed transactions reached 31.3 thousand transactions, with a drop of 6.0% compared to the previous year, table (7).

Table (7)
Trading Volumes of the Parallel Market (1995-1999)

Year	Trading Value (JD million)	No. of Traded Shares (million)	No. of Transactions (thousand)	No. of Traded Days
1995	56.8	50.1	54.1	248
1996	37.9	61.2	42.4	246
1997	51.2	89.4	41.0	248
1998	50.8	93.3	33.3	244
1999	46.9	94.0	31.3	242

Figure (5)
Trading Volume of the Parallel Market



The daily average trading volume in the parallel market this year reached JD 193.8 thousand, as compared to JD 208.2 thousand for the previous year, with a decline of 6.9%, while the daily average traded shares increased by 1.6% to reach 388.4 thousand shares, and the daily average executed transactions decreased by 5.1% to reach 129.5 transactions.

Market capitalization of companies listed in this market went up to JD 345.9 million by the end of this year, as compared to JD 321.5 million at the end of last year, with an increase of 7.6%.

C- Bonds market:

The market value of traded bonds during this year reached JD 4.1 million, as compared to the same value last year, while the number of traded bonds went down to 85.4 thousand bonds with a drop of 64.7% compared to the previous year.

Concerning the details of traded bonds, the market value of development bonds traded during this year amounted to JD 0.8 million, representing 20.6% of the total trading value of bonds, while the market value of traded corporate bonds amounted JD 3.3 million represented 79.4%, table (8).

Table (8)
Trading Volume in the Bonds Market (1995-1999)
(JD million)

Year	Development Bonds	Corporate Bonds	Total
1995	11.9	0.3	12.2
1996	4.5	0.6	5.1
1997	1.9	0.1	2.0
1998	2.3	1.8	4.1
1999	0.8	3.3	4.1

D- Off-the-trading-floor transactions

Off-the-trading-floor transactions, which were executed through the Legal Department of ASE and through SDC, include inheritance and family transfers (ascendants and descendants) and unlisted public shareholding companies.

Data indicate an increase in the volume of off-the-floor transactions, which reached JD 109.5 million for this year, with an increase of 55.5% compared to the previous

year. The value of transferred shares represented 99.8% while the value of transferred bonds represented 0.2%. The number of transferred shares during this year amounted to 33.3 million, with an increase of 16.8% compared to the previous year, while the number of transferred bonds dropped to 24.5 thousand, i.e. a decrease of 47.8%.

As for the details of transfers excluded from trading, the value of inheritance transfers of shares and bonds amounted to JD 44.3 million, i.e. 40.4% of the total transfers, followed by transfers outside HKJ at a value of JD 32.3 million, i.e. 29.5%, family transfers at a value of JD18.5 million, i.e. 16.9%, then transfers of unlisted companies at a value of JD14.4 million, i.e. 13.2%.

II: Non-Jordanian Investment

The total value of shares bought by non-Jordanian investors of the shares of listed companies during 1999 was nearly JD 94.3 million, representing 24.2% of the overall trading volume, while the value of shares sold by them amounted to nearly JD 78.8 million. Thus, net non-Jordanian investment realized during this year was around JD 15.5 million, as compared to JD 122.6 million for the previous year.

The distribution of these transactions between Arab and non-Arab investors was as follows: the purchases of Arab investors amounted to nearly JD 32.0 million, constituting 33.9% of the total value of purchases by non-Jordanian referred to above, while the value of non-Arab purchases amounted to nearly JD 62.3 million, constituting 66.1% of total non-Jordanian purchases. As for the value of Arab sales, it amounted to nearly JD 37.7 million, constituting 47.9% of total non-Jordanian sales, while the value of non-Arab sales amounted to nearly JD 41.1 million, constituting 52.1% of total non-Jordanian sales.

Therefore, the non-Jordanian ownership in the companies listed in ASE by end of 1999 represents 43.1% of total market value. At the sectors' level, the share of the banking sector amounted to 56.6%, the insurance sector to 15.6%, the services sector to 14.0%, and the industrial sector to 30.5%, table (9).

Table (9)
Non-Jordanian Ownership at the Shareholding Companies
Listed in the ASE by Sector (1995-1999)

(%)

Year	Banks	Insurance	Services	Industry	Total
1995	46.3	15.7	3.3	19.9	31.0
1996	47.7	16.5	7.3	21.8	32.8
1997	53.8	16.0	9.3	26.0	39.1
1998	56.4	15.1	11.6	28.1	43.9
1999	56.6	15.6	14.0	30.5	43.1

III: The Primary Market

In the primary market, the shares issuance volume for this year amounted to JD 53.3 million, as compared to JD 47.5 million in 1998, i.e. an increase of 12.2%. The volume of loan corporate bond issuance for this year amounted to JD 31.8 million, as compared to JD 53.5 million in 1998, i.e. a drop of 40.6%. As for development bond issuance, no bonds were issued during 1999, as compared to JD 43 million in 1998. Thus, primary issuance has declined from JD144 million in 1998 to JD 85.1 million in 1999.

Table (10)
Value of Primary Issues (1995-1999)

(JD million)

Year	Shares			Bonds		Total
	Newly Established	Established	Total	Develop-ment	Corporate	Shares+ Bonds
1995	255.8	74.1	329.8	26.0	8.0	355.9
1996	112.0	75.7	187.7	19.0	-	206.7
1997	89.2	238.1	327.4	-	-	327.3
1998	15.8	31.7	47.5	43.0	53.5	144.0
1999	2.2	51.1	53.3	-	31.8	85.1

ASE ACCOMPLISHMENTS DURING THE YEAR 1999

I: Establishing ASE/Securities Market

A new securities law was issued by the mid of 1997 in Jordan to restructure and regulate the Jordanian capital market, and to supplement the securities market's infrastructure in order to keep pace with international financial markets. The basic feature of the new structure is a separation of the capital market monitoring or supervisory role from the executive role, since AFM used to perform both roles. The Securities Commission was set up as a governmental controlling organ in charge of supervising the capital market; then ASE/ Securities Market and the Securities Depository Center (SDC) were established as two independent institutions run by the private sector.

ASE assumed its tasks on March 11th 1999 as a private non-profit institution with administrative and financial autonomy, and as the sole party authorized to practice as a regular market for trading in securities in the Hashemite Kingdom of Jordan, subject to the control of the Securities Commission, in pursuance of the Securities Law No. (23) 1997.

The membership of ASE comprises licensed financial brokers; and a Board of Directors and a CEO to manage it. The Board of Directors comprises seven members, three of whom represent financial services companies licensed as financial brokers, two of which represent banks licensed to practice as financial services companies in terms of financial brokerage, and financial brokerage companies owned by the banks or affiliated thereto, while the Board of Commissioners of the Securities Commission appoints two other members from the private sector, from experts in the legal, financial and economic fields.

II: Regulations and Directives Issued by ASE

1- ASE Internal By-Law

The Board of Commissioners of JSC approved the Internal By-Law of ASE, which sets out the latter's tasks and membership that consists of financial services companies licensed by JSC to perform financial brokerage activities. The By-Law also lays out authorities for the General Assembly of ASE and organization of its meetings; how to form the Board of Directors and the tasks assigned to it; the rules for appointing the CEO and his/her tasks; as well as the financial resources and

fiscal year of ASE. In general, the By-Law sets out ASE tasks and functions in the following manner:

- A. Set the necessary environment for the interplay of supply and demand on listed securities, by strengthening the necessary bases for sound, transparent and fair-trading, to determine the prices of and trading in securities.
- B. Provide trading halls and means of connection and communication as necessary to trade in securities.
- C. Monitor market trading, and coordinate with the Securities Commission the follow up of such transactions, in order to secure investor protection and prevent false trading in securities.
- D. Prepare reports and disseminate information on ASE activities.
- E. Give its opinion on legislations and legislative amendments relevant to ASE work, as well as propose amendments to said legislation and procedures which safeguard and develop the market.
- F. Open up channels of communication and establish cooperative relations with international stock exchanges, associations and organizations in the field of securities.
- G. Set out the profession's Code of Ethics and strengthen fair and impartial principles of work among its members.

2- Adoption of AFM Regulations

As a transitional step, ASE adopted the regulations and directives previously applied in Amman Financial Market (AFM) after having introduced the necessary amendments thereto in line with the new situation of the securities market. Accordingly, the following Directives were adopted:

- a. Trading Rules.
- b. Instructions for Listing and Suspension of Trading in Shares of Public Shareholding Companies.
- c. Directives for Auction of Securities.

These Directives were adopted as were applied in AFM along with the necessary formal amendments, whereby the authorities of the AMF Management Committee and its General manager were transferred to the ASE Board of Directors and its CEO, until new directives suitable to the new situation are issued.

3- Directives on Code of Ethics of ASE

These Directives set out the rules of conduct that govern the work of every member of ASE, namely the financial services companies licensed to perform brokerage activities, in addition to members of the Board of Directors, the CEO and the staff of ASE. The Directives oblige members to comply with the Securities Law as well as regulations and directives issued in pursuance thereof, and to conduct trading in securities at ASE in line with due and correct trading. They prohibit members from carrying out illusionary transactions that mislead dealers, performing direct or indirect action that is meant to influence the prices of securities, giving any misleading or incorrect data or information, or spreading rumors about the increase or decrease of the securities prices. Among other important matters tackled by these Directives was the need to keep confidential client secrets and not to exceed upper and lower ceilings of the commissions decided by virtue of the Law. It is worth noting that these Directives came into force on 15/10/1999.

4- Directives on Disclosure Related to ASE

These Directives set out information, data and records that ASE must disclose such as information pertaining to the names of issuers of securities, parties suspended from trading, members of ASE and certified financial professions, as well as periodical statements on trading transactions and the major financial indicators.

The Directives also specify information, data and records that are considered confidential and cannot be accessed except by concerned employees such as information pertaining to the names of traders in and owners of securities, the volume of their transactions and their property, information pertaining to the trading system, in addition to information obtained by ASE through investigation or disputes settlement.

They clarify the need to maintain confidentiality of information stated in the Directives and not to transmit them to any party whatsoever subject to liability, according to the valid laws and regulations. The Directives also refer to the possibility of concluding agreements with parties specialized in publishing ASE information, and providing other stock exchanges and capital-market institutions with data pertaining to ASE, and cooperating with them in publishing such information.

Information, data and records that ASE must disclose, and those that the public can review and copy are also mentioned in these Directives that came into force on 15/10/1999.

5- Regulations for the Fees and Commissions of the ASE

These Regulations set out fees and commissions that ASE collects against listing and trading of securities, commissions that ASE levies for off-the-trading-floor transactions, as well as membership fees to ASE and annual subscription fees that the brokers pay.

By virtue of these Regulations, commissions levied by brokerage firms are negotiable and within the specified upper and lower ceilings. Moreover, the existence of upper and lower ceilings cancelled calculation of commissions on the basis of classes, since the existence of such limits gives the broker sufficient flexibility to calculate commissions as it finds adequate whether on the basis of volume of transactions, nature of clients or other factors.

By virtue of these Regulations, transfers outside the Kingdom and transfers between relatives to the third degree are executed on the trading floor, and are subject to those fees and commissions set for transactions executed on the floor. As for off-the-trading-floor transactions, they became restricted to matrimonial (ascendants and descendants) transfers and inheritance transfers.

It is to be noted that the lower and upper limit of commissions levied by brokerage firms against trading in shares amount to 0.004 (four per thousand) as a minimum, and 0.006 (six per thousand) as a maximum, to which are added those commissions levied for capital-market institutions against the trading of shares which amount to 0.0014 of the share market value. Consequently, the minimum of the total commission to be paid by an investor against trading in shares would be 0.0054 and the maximum 0.0074.

As for corporate bonds, the lower and upper limit for commissions levied by financial brokerage companies against trading in corporate bonds is 0.0006 (six per ten thousand) as a minimum, and 0.0008 eight per ten thousand as a maximum, to which are added the commissions levied for ASE and SDC against trading in corporate bonds and amounting to 0.0002 (two per ten thousand) of the share market value. Consequently, the minimum of the total commission to be paid by an investor against trading in corporate bonds would be 0.0008 (eight per ten thousand) and the maximum 0.001 (one per thousand). These Regulations came into force on 1/9/1999.

6- Directives on Fees and Allowances for Services Provided by ASE to Other Parties

These Directives set out the types of information against which ASE imposes a distribution fee, and exempts such information and data that ASE deems necessary

to publish in the media from the payment thereof. These Directives that came into force on 1/1/2000 also state those parties that are exempted from such payments.

7- Financial and Administrative Regulations

ASE issued the following financial and administrative regulations and directives as needed to conduct its business:

- a) Administrative Organization.
- b) Financial Regulations.
- c) Supplies Regulations.
- d) Directives on the Authorities to Sign ASE Accounts.
- e) Transportation and Travel Regulations for members of the Board of Directors and the CEO of ASE.
- f) Directives for Setting the Fees of the Chairman and members of the Board of Directors of ASE.
- g) ASE Personnel Regulations.
- h) Operational Instructions for the Savings Fund (Provident Fund) of ASE Employees.
- i) Directives on Medical Treatment of ASE Employees.

III: The Electronic Trading Project

ASE has been progressing the electronic trading project that will be used in place of the manual trading system currently in place, in implementation of the Agreement that was signed between AFM and Bourse de Paris towards the end of 1996.

Such a development is a qualitative leap. Indeed, electronic trading will replace the traditional trading floor. All selling and buying orders will be introduced through the computers, and supply and demand for securities will then be matched, before the price is electronically set and executed. Likewise, the necessary post- execution settlements among market players, in terms of price settlement and approval of transactions and deals, will be made electronically; movements will be electronically transferred to SDC, namely transfer and custody of ownership of securities. This will lead to more efficient and swifter trading while ensuring better custody and safety to dealers at ASE.

As for the current stage of the project, ASE has been able to monitor progress through its Executive Management and the Technical Committee formed by the Board of Directors, on all matters pertaining to the electronic trading whether in terms of choosing the trading system; solving its errors and bugs; adapting it to suit the local environment for trading in securities; equipping the electronic trading

floor; linking the brokers' offices with the trading floor; and preparing the draft Trading Rules according to this system .

ASE has sent a number of its employees for training on the operation and implementation of the electronic trading system. By end of 1999, ASE had held several training courses for brokers at ASE, to acquaint them with this system in preparation for its operation.

The first group of brokers was trained, which includes one broker per brokerage firm. A second employee per brokerage firm will be trained, in preparation for intensive courses to be held for all trainees, and simulation sessions to be conducted to ascertain the safe application of the trading system, and the ability of brokers to deal with it efficiently and effectively upon operation. Coordination is ongoing with SDC concerning settlement and clearance matters. SDC is currently developing its systems to cope with the new situation. It is to be noted that the actual electronic trading is expected to start by the end of March 2000, and that ASE plans are based on a gradual shift from manual to electronic trading.

IV: Information Disclosure and Publication

Since its inception, ASE has given special attention to introduce itself and disseminate its news at all local and foreign levels. The following was done within this framework:

1. Issuing a monthly periodical called *ASE Newsletter*. Covering ASE news for the concerned month, Board of Directors decisions, information about the volumes of trading, indexes and foreign investment, as well as the most significant economic news, and Arab and international stock exchanges news. The first edition of the Newsletter was issued in August 1999.
2. Concluding an agreement with *Bloomberg* - one of the biggest international companies in the field of broadcasting of trading information – regarding provision of online data to the company about ASE trading. Similar arrangements were made with *Reuters*, the international company and *Access* a local company.
3. Issuing a special report about ASE and the feasibility of investment in Jordan, and publishing this report in the *Institutional Investor* magazine in June 1999, where this report was distributed to investors and concerned people in order to acquaint them with the ASE and to encourage them to invest in it.

4. Establishing a web site for ASE on the Internet, in order to convey information to investors and concerned parties throughout the world, and to introduce investment opportunities and the Jordanian capital market. ASE has completed the first stage of the site, which was designed by *Computer Networking Services*, with the support of USAID, through AMIR program.

It is worth noting that this site is in both English and Arabic. Through it, it is possible to know historical information about the Jordanian securities market, such as the beginning of establishment of public shareholding companies, as well as information about AFM and structural reforms in the Jordanian capital market. The site also presents comprehensive information about ASE in terms of establishment and management; general information about the trading hours, commissions, settlement, clearance and transfer of ownership procedures, ASE public holidays; as well as information about ASE markets divisions.

The site has a part on regulations issued by ASE, namely Directives on ASE Code of Ethics, Directives on Disclosure related to ASE, Regulations for Fees and Commissions of ASE, and Regulations on the Listing and Suspension of Shares of Public Shareholding Companies that the user can access directly through the site.

The site contains the names of public shareholding companies listed on ASE, in both the regular and parallel markets, the names of companies awaiting listing, and a list of brokerage firms working at ASE, their addresses and names of their managers.

The site also includes trading information that is updated on a daily, weekly or monthly basis, such as trading volumes, number of shares, closing and opening prices, the lowest and higher prices for the companies which shares are traded. Through this site, ASE will publish daily, weekly and monthly summaries about its performance. Historical information with time serials for all information pertaining to ASE activity will also be put on the site. Moreover, information about share price indexes at ASE in terms of date, methodology, and methods of adjustment are presented on the site.

ASE shall place all its publications on this site. This includes its monthly statistical bulletin and Newsletter, annual report, ASE Guide of Public Shareholding Companies and any other ASE publications, to enable investors and concerned parties to obtain them rapidly and easily. This site will include general information about public shareholding companies in terms of their activity, management, shareholder distribution, and historical and updated financial information.

The site will also include a News Ticker, through which the latest news will be displayed. How to invest at ASE will be introduced and a special section will be assigned for frequently asked questions (FAQ). A special form will be placed to enable visitors to address any questions by completing it, and specialized employees at ASE will answer them.

ASE will soon complete the remaining stages for this site to provide online data.

5. Participating in the Accomplishment Exhibition of “Al-Hussein is the Memory and Abu Hussein is the Fulfillment” where all ASE publications were displayed and all relevant information were given to the visitors.

V: Accepting New Members At ASE

During 1999, a number of companies licensed by JSC to practice financial brokerage activities were accepted as members in ASE. These companies were:

1. The *Export and Finance Bank*, a public shareholding company with a capital of JD 22 million. The license granted to it covered work as a commissioned broker, a broker buying and selling for its own portfolio, a broker underwriting new securities issuances, a selling broker of securities issuances, and a financial consultant broker for investment in securities.
2. *Arab Financial and Consultancy Services*, a limited liability company with a capital of JD 10 million, JD 5 million of which is paid-in capital. The license granted to it covered work as a commissioned broker, a broker buying and selling for its own portfolio, a broker underwriting new securities issuances, a selling broker of securities issuances, and a financial consultant broker for investment in securities.
3. *Trans Jordan for Financial Services*, a limited liability company with a capital of JD 0.5 million. The license has been transferred and changed from the financial services company to *Trans Jordan for Financial Services*, and the new company granted a license to practice brokerage activities by commission only.

VI: Listing Securities at ASE

During 1999, ASE encouraged public shareholding companies to list their securities on ASE. Due to the existence of a large number of companies that fulfilled the requirements of listing on ASE but did not submit applications to list their securities on ASE, the latter addressed these companies to urge them to list their securities and explained the advantages that they would get in event of listing

their securities on ASE. From 11/3/1999 till the end of year, it was agreed to list the shares of nine companies for with a total capital of JD 88.5 million. These companies were:

- *AL-Dawliya for Hotels and Malls* with a capital of JD 41.0 million.
- *Amana Agricultural and Industrial Investments* with a capital of JD 4.0 million.
- *Jordan Vegetable Oil Industries* with a capital of JD 3.0 million.
- *Arab Assures* with a capital of JD 2.0 million.
- *International for Silica Industries* with a capital of JD1.5 million.
- *Gerasa Insurance* with a capital of JD 2.0 million.
- *Mediterranean Tourism Investment* with a capital of JD 26.0 million.
- *Jordan Central Company* with a capital of JD4.0 million.
- *Arab Jordanian Insurance Group* with a capital of JD 5.0 million.

Also, corporate bonds issued by *Cairo Amman Bank* with a value of JD 10.0 million and corporate bonds issued by *Jordan Mortgage Refinance* with a value of JD 14.8 million were listed.

VII: Cooperation with Arab and International Institutions

As part of ASE efforts to strengthen ties of cooperation with international and Arab capital market institutions, ASE joined the Union of Arab Stock Exchanges and Securities Commissions in April 1999. This Union aims at coordination of work and exchange of technical information among its members, and helping to unify securities laws and regulations in force in member countries of the Union. ASE has participated in the nineteenth meeting of this Union, held in Sharm Al-Sheikh in Egypt.

ASE also joined the membership of FIBV based in Paris, and FEAS based in Istanbul. Moreover, it hosted the Fifth General Assembly Meeting of FEAS in October 1999, during which ASE was elected as a chairman of the Executive Committee for Information and Marketing of FEAS.

Furthermore, ASE participated in the Arab Financial Markets Conference held in Beirut in May 1999.

As for cooperation with Arab stock exchanges, a delegation representing ASE and SDC visited Kuwait, to follow up on the Memorandum of Understanding (MOU) signed on 11/5/1999 between JSC and Kuwait Stock Exchange under the patronage of the Union of Arab Stock Exchanges and Securities Commissions, and to discuss the technical aspects pertaining to the implementation of the MOU. The MOU aims

at developing cooperation prospects between capital markets in Jordan and Kuwait, means of developing and enhancing them in future, and how to overcome obstacles for the free flow of investments and funds between capital markets of both countries. Both sides reviewed the issue of cross-listing between the two countries and means of resolving differences in the listing costs in both markets to facilitate listing of companies already listed on ASE on Kuwait Stock Exchange. The Jordanian delegation went over the recent economic developments in Jordan, especially with respect to economic openness, liberation of currency transfer and flow of capital, the environment and investment climate that attract foreign and local investments, as well as the structural reforms in the Jordanian capital market, in particular the creation of the JSC as a controlling and supervisory organ, and the establishment of ASE and SDC as independent private institutions.

Upon the recommendations of the Technical Committee for the Implementation of the Draft Agreement on Joint Listing between Kuwait Stock Exchange and ASE, the Committee met under the patronage of the Union of Arab Stock Exchanges and Securities Commissions, in the presence of representatives of both parties. It discussed all the requirements needed to set up a mechanism for the system of clearance and settlements of transactions that take place through both exchanges. The Committee endorsed specific procedures through which settlement and clearance processes shall take place, the most important being that all transactions should be made through brokerage companies approved in both exchanges, and which have signed bilateral cooperation agreements. An agreement was reached between *Jordan Kuwait Bank* and the *Kuwaiti Clearance Company* that the former would be an agent for the latter in Jordan in order to carry out settlements and safe custody for shares traded by investors in both exchanges. A meeting for brokers from both exchanges was held in mid November 1999, along with the Union of Arab Stock Exchanges and Securities Commissions meeting that was held in Sharm El-Sheikh in Egypt. During this meeting, a number of bilateral agreements were signed between brokers to deal in securities for the benefit of investors in both countries.

FUTURE PLAN FOR THE YEAR 2000

I: The Electronic Trading Project

To complete the requirements for operating the Electronic Trading System (ETS), and to enable its actual initiation by end of March 2000, ASE will carry out the following steps: -

- 1-Adoption of the draft Electronic Trading Rules prepared by ASE management to be in line with the trading system.
- 2-Holding intensive training courses for all brokers wishing to use the ETS.
- 3-Holding simulation sessions for the purposes of ascertaining the safe application of the trading system and the ability of brokers to use the system in an efficient manner upon its operation.
- 4- Coordinating with SDC to study the possibility of canceling transfer contracts and replacing them with reference numbers for clients, which the broker would enter on the ETS.
- 5- Actual electronic trading will start on 26/3/2000, and the transfer will be gradual and for a limited number of shares.

Second: Listing Securities at the ASE

In 1999, ASE encouraged issuers of securities to list their securities on ASE. This effort yielded positive results by attracting many public shareholding companies and listing them on ASE. In that year, securities for a value to JD113 million were listed. To bolster such effort, ASE will accomplish the following:

1. Continue to encourage companies to list their securities on ASE, by contacting them and urging them to list, and indicating the advantages of listing.
2. Adopting the draft Directives on Listing Securities on ASE, that are currently before the Board of Commissioners of JSC, particularly since these draft Directives enable any public share holding company that has obtained the right to start working to fill an application to list its shares on ASE.

III: Financial Brokers Guarantee Fund

In pursuance of the requirements of the Securities Law No. (23) for the year 1997, ASE will complete this year the draft Directives for the Financial Brokers' Guarantee Fund, with the aim of guaranteeing the implementation of financial settlement commitments resulting from trading transactions. The Executive Management will present a detailed study to ASE Board of Directors on how to establish said Fund and its proposed legislative mechanism.

IV: Activation of the role of ASE in the Privatization Process

ASE addressed official parties last year and explained the importance of involving it in the privatization process. In 2000, ASE will continue to follow up with these parties in order to assign a larger role to ASE in this process. The focus will be on the following:

- 1- On the basis of experiences of other countries in this field, we found that the privatization process through Stock Exchanges led to a considerable increase in the market value and the trading volumes, reaching 25 times in some countries.
- 2- The existence of technical expertise within capital-market institutions can be drawn on when the shares of to-be-privatized institutions are placed for subscription.
- 3- Expanding the base and depth of the market and attracting local and foreign investments.
- 4- Facilitating the privatization process by providing a price discovery mechanism.
- 5- Facilitating sales of shares resulting from privatization through electronic trading.

V: Cooperation with International and Arab Institutions

As part of its efforts to strengthen cooperation ties with Arab international institutions, ASE joined last year a number of Arab and international capital-markets unions. Visits were exchanged between ASE and some Arab stock exchanges for the purposes of exchanging information and experiences.

ASE will further this cooperation and attempt to conclude bilateral joint listing agreements with Arab stock exchanges, as well as cooperation agreements between ASE brokers and brokers of other markets. It shall seek to unify trading systems used in these markets.

VI: ASE web site on the Internet

ASE completed the first stage of setting up a web site on the Internet in 1999. In 2000, it will complete the second and third stages of setting up the web site; a ticker tape will be added through which shares prices and news will be presented; and a special form will be placed to enable visitors to address any questions to ASE, which shall be answered by specialized ASE employees. ASE will also provide on line data through this site.

VII: Lectures and Seminars

In the year 2000, ASE will hold several lectures and awareness seminars for the members of ASE and capital-markets institutions in order to enhance interaction between ASE and the local community, and to spread awareness of the role of ASE in supporting the national economy.

ARAB AND INTERNATIONAL STOCK EXCHANGES

International and Emerging Stock Exchanges

Most of the international stock exchanges concluded 1999 with an impressive performance. The indexes of these exchanges registered an outstanding increase in its share prices. The World Index calculated by *Morgan Stanley Capital International Perspective* (MSCI-P) for the World as a whole went up for this year by 23.6% as compared to 1998. MSCI-P index for Europe, Asia and the Far East increased by 25.3% in 1999 as compared to 1998.

As for emerging markets, 1999 witnessed an astonishing performance that helped to set off the decline that occurred in 1998. All indexes calculated by the International Finance Corporation (IFC) registered an increase in comparison to 1998. *IFC Composite Index* for emerging markets, including Jordan, the *Regional Index for Asia*, and the *Regional Index for the Middle East and Africa* recorded a rise of 59.5%, 61.1% and 44.1% respectively, as compared to the closing of 1998.

Table (11)
Stock Indexes Performance at End 1999
Compared with end 1998

Index	% Change
World Index - MSCI-P	23.6%
Europe, Asia, Far East - MSCI-P	25.3%
IFC - Composite Index	59.5%
IFC - Regional Index Asia	61.1%
IFC - Regional Index ME & Africa	44.1%

Within this context, Helsinki Stock Exchange share prices rose according to HEX Index by 162%, as compared to last year. This increase came as a result of the upsurge in the share price of *Nokia* by 210%, which represented about 63% of the

total market capitalization of Helsinki Stock Exchange. US shares also witnessed a considerable increase, and the Dow Jones Index rose by 25.2%, as compared to 1998. *Nasdaq Composite* Index escalated by 85.6%, as compared to 1998, supported by the increase in the share prices of IT and Internet companies.

In France and Germany, share prices were boosted by the good economic growth rates registered in both countries as well as the European Union countries in general. The price index rose at Paris Stock Exchange for the year 1999 (*SBF 250*) by 52.4%, while *DAX* Index of Frankfurt Stock Exchange rose by 37.5%, as compared to 1998. As for Japan, *TOPIX* Index of Tokyo Stock Exchange rose by 57.5%, as compared to 1998. Also, *FT-SE 100* Index of London Stock Exchange increased by 17.8%.

Table (12)
Stock Exchanges Performance at End 1999
Compared with end 1998

Exchange	Index	% Change
New York	DJIA	25.2%
Nasdaq	Nasdaq-Composite	85.6%
Helsinki	HEX	162.0%
London	FT- SE 100	17.8%
Paris	SBF 250	52.4%
Tokyo	TOPIX	57.5%
Frankfort	DAX	37.5%

According to IFC reports, most stock exchanges registered an increase in share price indexes valued in US Dollars during 1999. 26 stock exchanges recorded an increase in their share prices, against a drop in share prices of 8 exchanges. Istanbul Stock Exchange witnessed an impressive surge valued in US Dollars by 255.6%, as compared to 1998. This is due to Turkey acceptance as a candidate member in the EU. Also, the share price indexes of Russia, Korea, Indonesia, India, Brazil and China stock exchanges valued in US Dollars for the closings of the year 1999 went up by 242.6%, 110.4%, 99.1%, 81.5%, 67.0% and 38.2% respectively, as compared

to the closings of the year 1998, while Slovakia, Colombia, Venezuela and Sri Lanka stock exchanges indicated a drop by 24.6%, 20.0%, 12.6% and 8.8% respectively.

Market capitalization, valued in US Dollars, as it stood at the end of 1999 for Istanbul, Jakarta, Korea, Helsinki, Tokyo, Paris, Frankfurt, London and New York stock exchanges increased by 235.0%, 190.1%, 167.1%, 125.7%, 82.6%, 52.5%, 30.9%, 28.6% and 11.4% respectively, as compared to end of 1998. While the market capitalization of Brussels, Luxembourg, Vienna and Copenhagen stock exchanges dropped by 25.6%, 10.7%, 7.7% and 1.4% respectively, as compared to 1998.

Arab Stock Exchanges

The performance of Arab stock exchanges in 1999 was mixed. Some witnessed a large reduction in their performance, while others managed to make considerable profits. Arab Monetary Fund Composite Index valued in US Dollars showed an improvement of 9.8% for this year as compared to 1998, due to the increase in share prices in Saudi Arabia and Egypt which dominated the movements of this index by 58.7%. Available figures of share prices valued in local currencies indicate that share prices on Tunis Stock Exchange went up by 74.4%, as compared to 1998. As for the Egyptian Stock Exchange, it set off the losses of the previous year 1998, with an increase of 63.2% in share prices. Share prices in Palestine Stock Exchange rose by 52.8% driven by the 66% increase in the share price of *Palestine Telecommunications Company* during the year, which accounted for 47% of total market capitalization. In Saudi Arabia Stock Exchange, the rise in oil prices contributed to the impressive increase in share prices, which amounted to 43.6% during 1999. Shares prices in both Muscat and Bahrain Stock Exchanges witnessed a slight increase by 9.5% and 1.1% respectively. The remainder of Arab stock exchanges registered a drop in the prices of their shares. Share prices valued in local currency went down in Beirut, Kuwait and Casablanca stock exchanges by 21.3%, 8.9% and 3.3% respectively, as compared to 1998.

Table (13)
Arab Stock Exchanges Performance at End 1999
Compared with end 1998

Exchange	% Change
Tunis Stock Exchange	74.4%
Egyptian Stock Exchanges	63.2%
Palestine Stock Exchange	52.8%
Saudi Stock Market	43.6%
Muscat Stock Exchange	9.5%
Bahrain Stock Exchange	1.1%
Beirut Stock Exchange	-21.3%
Kuwait Stock Exchange	-8.9%
Casablanca Stock Exchange	-3.3%

Likewise, market capitalization for listed shares valued in US Dollars witnessed in some Arab stock exchanges an increase as at the end of 1999. The market capitalization in each of Saudi Arabia, Egypt, Tunis, Kuwait and Bahrain Stock Exchanges rose by 43.0 %, 34.7%, 18.4%, 6.4% and 5.7% respectively, as compared to the end of 1998. While the market capitalization in Beirut, Casablanca and Muscat Stock Exchanges went down by 20.8%, 12.2% and 5.1% respectively, as compared to the end of 1998.

Figure (6)
Arab Stock Exchanges Performance at End 1999
Compared with end 1998

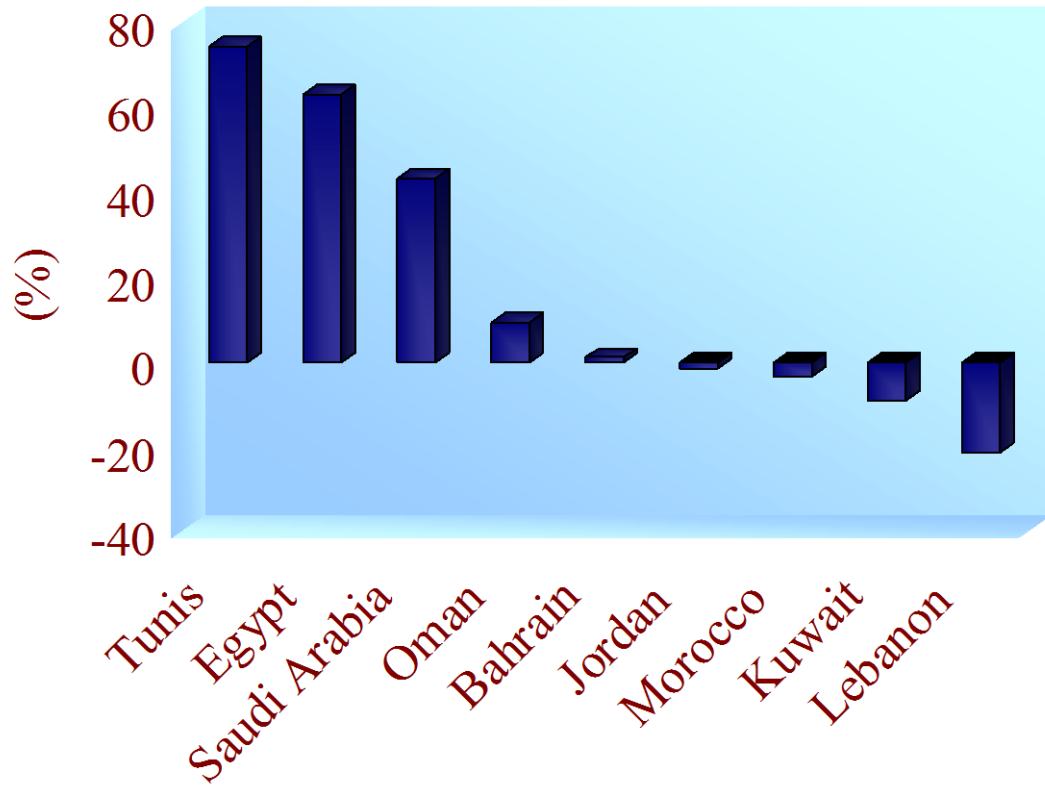


Figure (7)
Some International Exchanges Performance at End 1999
Compared with end 1998 Evaluated in \$US

