

The future of technology in corporate structuring

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Introduction

The corporate structuring environment in Jordan currently does not utilise any online platforms for conducting general 'bread and butter' activities such as incorporation of entities or depositing agreements and documents at the Ministry of Industry, Trade and Supply. Therefore, most matters which involve a governmental authority require the physical presence of someone who can submit hard copies of all the necessary documentation.

However, the recent physical closure of non-essential governmental authorities in Jordan has led to an emphasis on the importance of a functioning online platforms to conduct regular corporate practices without the need to physically attend Ministries or Commissions. Currently, there are some systems for online applications (such as incorporation of entities) however, all of them, at some stage in the process, require physical presence at a governmental authority, which ultimately defeats the purpose of the online application.

Technology in the future of corporate legal practice

In recent years, technology has assumed increasing importance in the corporate world. This is because public and private entities, in many countries, are starting to conduct many legal activities online in order to improve efficiency. In Jordan this drive for technological advancement has been spearheaded by the Ministry of Digital Economy and Entrepreneurship and the Telecommunication Regulatory Commission which has been working at an accelerated pace to produce functional platforms for online activities. Main examples of such platforms include improving the use of Virtual Wallets for both natural and juristic persons. This platform was developed to facilitate the payment of incorporation fees and the deposit of share capital fees to the Ministry of Industry, Trade and Supply prior to incorporation. As time is generally of the essence, it is vital that advisors be able to complete the incorporation of entities efficiently and in an expeditious manner.

Further, deregistration of existing entities in Jordan is a complex matter that is time consuming and requires documents to be obtained from multiple governmental authorities such as the Income and Sales Tax Department and the Social Security Corporation. This process could be expedited by creating a platform for entities to deregister online, specifically by allowing online applications to the relevant governmental authorities and the payment of any fees online using the said Virtual Wallets.

The current technological advances taking place in Jordan may not seem of much importance in the short term however, they are likely to pave the way for a more integrated online presence for corporate legal practice and corporate structuring. Given the prominence that the Ministry of Digital Economy has gained together with the shift in Jordan's corporate culture in accepting the use of technology in everyday commercial activities it is hoped this will lead to a better understanding of how technology is essential to a more efficient corporate environment.

The downsides of technology

In light of the above, it is worth taking into account the disadvantages of a sudden increased use of technology in the general corporate environment and corporate structuring matters. These mainly relate to data protection and cybersecurity.

As at the time of writing, Jordan does not have general data protection legislation that protects both natural and juristic persons however. There is a draft law being studied by Parliament which is expected to be ratified at some point in the near future. The lack of a data protection law would become an issue if, with the increased use of technology, personal and corporate information will be required to be submitted to several parties and access to this information could be abused. It is important for corporations to be assured their sensitive information (e.g. financial and shareholder information) remains confidential. Unfortunately, in the absence of a formal data protection law the lack of training and understanding of employees in the public sector regarding the technology and the importance of protecting the data of applicants is likely to pose potential problems.

In relation to cybersecurity, this area is regulated in Jordan by the Cybersecurity Law, No. 16 for the year 2019, and the governmental authority responsible for monitoring cybersecurity is the National Center for Cybersecurity which was recently formed pursuant to the National Center for Cybersecurity Regulation, No.1 for the year 2020, which was published in the Official Gazette on the 20th of January 2020. Al Tamimi & Company noticed the increased importance of this area and set up a Cyber-Crime Task Force in the second half of 2019. Therefore, a focus on protecting our clients and advising them on the dangers of the increased use of technology will be imperative when entering into a more technologically driven corporate legal environment.

Conclusion

It will be difficult to predict the effect that the current surge of online governmental platforms will have on the future of corporate structuring in Jordan. However, it is increasingly apparent that it will include technological advances that our team will need to utilise for the benefit of clients. The corporate lawyer will be required to have a thorough understanding of data protection and cybersecurity in order to properly navigate this new technology driven corporate environment.

Furthermore, meeting the needs of the client through online platforms to the relevant governmental authorities will require continuous monitoring of the application process to ensure that everything is being handled correctly.

Ultimately, technology is becoming an unequivocally important part of being a corporate structuring lawyer and this will require the team to keep up with all technological advancements, while simultaneously understanding the pitfalls of the increased use of such technology.

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