



# Newsletter

| 63<sup>rd</sup> Edition, December 2025 |

الحموري ومشاركونه

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Welcome to the 63<sup>rd</sup> edition of our newsletter. In this edition, we will present to our readers the following:

**Section A of this issue**, will shed light on Jordanian Residency and Foreigners' Affairs Law No. (24) of 1973 and its Amendments.

**Section B of this issue**, dedicated to matters pertinent to the jurisdiction of Iraq, dives into the topic of Electronic Signature in Iraqi Law.

**Section C of this issue**, dedicated to matters pertinent to SMEs, will cover Oqal Note: Its Nature, Distinction from Other Financing Tools, and Challenges of Application.

*" The Jordanian Residency and Foreigners' Affairs Law is not merely a regulatory framework for foreigners' presence in the Kingdom; it is also an instrument for achieving balance between openness to the outside world and the protection of national interests. It contributes to establishing a clearer legal environment for investors, visitors, and residents, while ensuring the regulation of foreigners' movement in a manner that preserves social and economic security and stability."*

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**SECTION A:****A Glimpse into Jordanian Legislation - Jordanian Residency and Foreigners' Affairs Law No. (24) of 1973 and its Amendments****Introduction: The Importance of Regulating the Presence of Foreigners in Jordan**

The regulation of foreigners' presence in the Hashemite Kingdom of Jordan constitutes a pivotal matter affecting various aspects of economic, social, and security life. By virtue of its geographic location and economic openness, Jordan annually attracts large numbers of foreigners for diverse purposes, including investment, tourism, employment, study, medical treatment, and family reunification.

The presence of foreigners in the Kingdom represents a significant contributor to the national economy: investors drive development and create employment opportunities, foreign labour fills gaps in specific sectors of the labour market, and international students enrich the academic and cultural environment.

Foreign tourism is one of the pillars of the Jordanian economy, with millions of visitors drawn annually to the Kingdom's unique archaeological, religious, and natural sites. This positively impacts national income and stimulates service and infrastructure sectors. Likewise, attracting foreign students to Jordanian universities enhances Jordan's position as a regional hub for higher education and fosters cultural and scientific exchange.

Nevertheless, this diverse foreign presence poses challenges relating to national sovereignty, public security, regulation of the labour market, and the safeguarding of both foreigners' rights and those of the host community. This underlines the importance of a structured legal framework, embodied in the Residency and Foreigners' Affairs Law, which defines conditions, rights, and obligations, regulates entry.

residence, and departure, and prescribes penalties for violations of its provisions.

The Jordanian Residency and Foreigners' Affairs Law is not merely a regulatory framework for foreigners' presence in the Kingdom; it is also an instrument for striking balance between openness to the outside world and the protection of national interests. It contributes to establishing a clearer legal environment for investors, visitors, and residents, while ensuring the regulation of foreigners' movement in a manner that preserves social and economic security and stability.

**First: General Framework of the Residency and Foreigners' Affairs Law in Jordan****A. Legal Foundations and Legislative Scope**

The regulation of foreigners' presence in Jordan is based on the Residency and Foreigners' Affairs Law No. (24) of 1973 and its amendments, which serve as the principal legal reference in this field. Substantive amendments have been introduced, most recently in 2025, to keep pace with economic and social developments and to enhance regulatory effectiveness.

The Law defines a "foreigner" as any person who does not hold Jordanian nationality, thereby encompassing all other nationalities. It precisely designates the competent authorities responsible for implementing its provisions, foremost among them the Ministry of Interior and the Public Security Directorate / Residency and Borders Department.

**B. Competent Authorities for Implementation**

The Ministry of Interior exercises overall supervision over the implementation of the Residency and Foreigners' Affairs Law, while the Public Security Directorate, through the Residency and Borders Department, undertakes executive responsibilities relating to foreigners' entry into and exit from the Kingdom, their registration, issuance and renewal of residence permits, and monitoring compliance with.

registration and notification requirements under the Law.

Other security and administrative bodies, including police stations and relevant departments, cooperate with the Residency and Foreigners' Affairs Department in enforcing instructions and monitoring violations. Certain entities, such as hotels, hostels, and similar lodging establishments, are legally obliged to notify the competent authorities of foreigners' residence or departure, in accordance with specific obligations imposed by the Law—particularly Article (14) concerning hotels and hosts.

### C. Scope of Application and Exceptions

The scope of application of the Residency and Foreigners' Affairs Law extends to all persons who do not hold Jordanian nationality and who reside in, or seek residence within, the Kingdom, subject to the explicit exceptions provided by the Law. Notable exceptions under Article (29) include:

- Heads of State and their family members.
- Members of foreign diplomatic and consular corps accredited in the Kingdom, together with their families (on the basis of reciprocity).
- Crew members of ships and aircraft, and their passengers, under the conditions specified for temporary entry.
- Nationals of neighboring states with respect to entry into adjacent border areas, pursuant to “border permits” provided for in agreements concluded with such states.
- Persons exempted under international agreements to which the Kingdom is a party, within the limits of such agreements.
- Persons serving in the Jordanian Armed Forces.
- Persons exempted by decision of the Minister for reasons of international courtesy, humanitarian considerations, political asylum, or reciprocity.

## Second: Entry Mechanisms, Visas, and Types of Residencies

### A. Entry Mechanisms into the Kingdom and Visas

The Residency and Foreigners' Affairs Law requires that any foreigner entering or leaving the territory of the Kingdom must hold a valid passport or travel document recognized by the Jordanian government, and must obtain the requisite visa unless exempted under the Law, by decision of the Minister of Interior, or pursuant to international agreements to which the Kingdom is a party. These requirements are set out in Articles (4) and (9) of the Law.

### B. Types of Residencies in Jordan

Pursuant to Article (18) of the Residency and Foreigners' Affairs Law No. (24) of 1973, every foreigner residing in, or seeking to remain in, the Hashemite Kingdom of Jordan is required to obtain a “residence permit” in accordance with the provisions of the Law. The principal types of residence permit together with their conditions and duration, are as follows:

1. **Work Residency:** Granted to foreign workers. Duration: one year, renewable, subject to obtaining an employment contract and a work permit from the Ministry of Labour.
2. **Investment Residency:** Granted to investors and their families. Duration: five years, issued upon provision of a bank deposit not less than ten thousand Jordanian dinars.
3. **Study Residency:** Granted to foreign students. Duration: one year, renewable, subject to university admission and proof of student status.
4. **Family Reunification Residency:** Granted to family members of a resident. Duration: one year, renewable, subject to proof of family relationship and a valid residence permit of the sponsor.

5. **Annual Residency with Profession:** Granted to foreigners and their families. Duration: five years, subject to provision of a bank deposit of ten thousand Jordanian dinars, or a registered property deed regardless of the property's value.

### C. Residency Based on Family Ties (Marriage and Children)

The Law provides special treatment for a foreign woman married to a Jordanian, allowing her to be granted a residence permit for five years pursuant to paragraph (b) of Article (22), provided she meets the conditions established by the Ministry of Interior.

By contrast, a foreign husband married to a Jordanian woman, and (foreign) children of a foreign father, irrespective of the mother being Jordanian or foreign, who residing in the Kingdom, are subject to the general grounds for granting residency set forth in Article (26), such as the availability of a lawful source of income, an employment contract, or a justified humanitarian circumstance.

It is further noted that foreign children under the age of sixteen are generally included under the residence permit of their guardian, whereas those who reach the age of sixteen are required to obtain an independent residence permit in accordance with Article (25) of the Residency and Foreigners' Affairs Law No. (24) of 1973.

### Third: Obligations of Foreigners Residing in Jordan

The Residency and Foreigners' Affairs Law imposes a set of legal and administrative obligations upon foreigners residing in the Hashemite Kingdom of Jordan. The most notable of these obligations include:

1. **Carrying Valid Travel Documents**  
Foreigners must carry a valid passport or travel document throughout their stay in the Kingdom, present it to the competent authorities upon request, respond to inquiries regarding their personal data, and appear before the Ministry of Interior or its departments at the time specified upon summons. This obligation is established

under Article (15/a) of the Residency and Foreigners' Affairs Law No. (24) of 1973.

2. **Submission of Personal Status Declaration**

Foreigners intending to remain in the Kingdom for more than two weeks must submit a declaration of personal status and the information required in the prescribed form within two weeks of entry. Holders of transit, pilgrimage, or tourist visas within the permitted period are exempt. This requirement is set forth in Article (11) of the Law.

3. **Notification of Change of Residence**

Foreigners must notify the Residency and Foreigners' Affairs Department, one of its branches, or the competent police station of any change of residence prior to relocation. Within forty-eight hours of arrival at the new residence, they must submit a declaration to the relevant branch or police station in the new area. Holders of transit or tourist visas are exempt. This obligation is prescribed in Article (12) of the Law.

4. **Reporting Loss or Damage of Travel Documents**

Foreigners must notify the Residency and Foreigners' Affairs Department or the competent police station within forty-eight hours of the loss or damage of their passport or equivalent travel document. This requirement is established under Article (15/b) of the Law.

5. **Maintaining a Valid Residence Permit**

Foreigners must hold a valid residence permit throughout their stay in the Kingdom, refrain from violating the purpose for which the permit was granted, renew it in accordance with legal procedures within the prescribed deadlines, and depart the Kingdom upon expiry of the

permit unless it is duly renewed. This obligation is set forth in Articles (18) and (34/a) of the Law.

Recent amendments emphasize strict compliance with these obligations and impose fines on violators, particularly in cases of failure to submit the required declaration or to notify authorities of changes in residence.

#### Fourth: Obligations of Employers and Foreign Workers

##### A. Obligations of Employers

The Residency and Foreigners' Affairs Law obliges employers in the Hashemite Kingdom of Jordan not to employ any foreigner unless such person holds a residence permit in accordance with the provisions of the Law. This requirement is established under Article (16/a) and Article (35) of the Residency and Foreigners' Affairs Law No. (24) of 1973, which prohibit Jordanian nationals, companies, or institutions from employing a foreigner who does not hold a residence permit. A specific exception is provided for experts recruited by companies for practical or technical purposes for a period not exceeding three months, subject to prior approval from the competent authority.

Employers are further required to:

- Submit a declaration, using the prescribed form, to the Residency and Foreigners' Affairs Department, one of its branches, or the police station in the area where the workplace is located, within forty-eight hours of the foreigner's commencement of employment, pursuant to Article (16/b) of the Law.
- Submit a declaration to the same authority within forty-eight hours of the termination of the foreign worker's service or cessation of work, pursuant to Article (16/b) of the Law.

Any employer or company employing a foreigner without a residence permit, or who is not authorized to

Work in the Kingdom, shall be subject to a fine of not less than fifty dinars and not more than seventy-five dinars for each violating worker, in accordance with Article (35) of the Law, without prejudice to any additional liabilities imposed under labour legislation.

In addition to the obligations under the Residency and Foreigners' Affairs Law, employers are also subject to the provisions of the Labour Law and applicable labour and social security legislation, governing employment contracts, conditions of employment, wages, working hours, leave entitlements, social insurance, and protection against arbitrary dismissal. These matters remain primarily regulated by the Labour Law, the Social Security Law, and regulations issued thereunder.

##### B. Obligations of Foreign Workers

Foreign workers are required to:

- Refrain from engaging in employment with any employer in the Kingdom unless they hold a residence permit in accordance with the provisions of the Residency and Foreigners' Affairs Law No. (24) of 1973, subject also to the requirement of valid work permits under labor legislation.
- Adhere to the purpose for which the residence permit was granted, and not alter the nature of their activity, employer, or profession in contravention of applicable legislation, except upon completion of the necessary legal procedures under the Residency and Foreigners' Affairs Law and the Labour Law.
- Comply with the provisions of the Residency and Foreigners' Affairs Law regarding registration, notification, renewal of residence, and departure from the Kingdom upon expiry of the residence permit unless duly renewed, pursuant to Articles (18) and (34) of the Law.

##### C. Obligations of Foreign Students

Admission of a foreigner as a student in an institute or educational institution in the Kingdom constitutes one

of the grounds for granting a residence permit, pursuant to Article (26/g) of the Residency and Foreigners' Affairs Law No. (24) of 1973, which provides for residency to foreigners admitted to Jordanian institutes.

Foreign students are required to:

- Obtain official admission from a recognized educational institution or institute in the Kingdom, as a legal basis for granting a residence permit under Article (26/g) of the Law.
- Complete the procedures for obtaining and renewing the residence permit in accordance with the provisions of the Law.
- Adhere to the purpose for which the residence permit was granted and refrain from engaging in employment within the Kingdom in contravention of applicable legislation, unless permitted under the Labour Law and related regulations and instructions. The primary legal reference for residency remains the Residency and Foreigners' Affairs Law No. (24) of 1973.
- Depart the Kingdom upon completion of studies or upon expiry of the residence permit unless duly renewed, pursuant to Articles (18) and (34) of the Law.

Educational institutions are generally required under applicable regulations and instructions to cooperate with the competent authorities in monitoring the status of foreign students with respect to registration and residency, and to notify the authorities in cases of student withdrawal or change in academic status. This reflects the integration between the Residency and Foreigners' Affairs Law and the legislation governing higher education in the Kingdom.

#### **D. Obligations of Hotels and Residential Establishments**

Article (14) of the Residency and Foreigners'

Affairs Law No. (24) of 1973 obliges hotel managers, hostel operators, and any similar lodging establishments, as well as any person who accommodates, houses, or rents a residence to a foreigner, to notify the Residency and Foreigners' Affairs Directorate, one of its branches, or the police station in the area of the foreigner's residence, of the foreigner's name and address within forty-eight hours of arrival or departure.

#### **Fifth: Penalties for Violations of the Residency Law**

##### **A. Types of Sanctions and Fines**

The Residency and Foreigners' Affairs Law No. (24) of 1973 and its amendments establish a set of sanctions and penalties to ensure compliance with its provisions. The principal penalties may be summarized as follows:

1. **Overstaying or Failure to Renew Residency**  
Any foreigner who entered the Kingdom lawfully but failed to obtain a temporary residence permit, or who overstayed the period of residence granted, or who did not apply for renewal of the annual residence permit within one month of its expiry, shall be fined ninety (90) dinars for each month of overstay or any part thereof, calculated at three (3) dinars per day of such part, pursuant to Article (34/a) of the Law.
2. **Failure to Submit Personal Status and Residence Declaration**  
Any person who violates Article (11) of the Law, which requires submission of a declaration of personal status and the required information within two weeks of entry for those intending to remain longer, shall be fined two hundred (200) dinars, pursuant to Article (36/a) of the Law.
3. **Failure to Report Foreigners' Residence or Departure**  
Any person who violates Article (14) of the Law, which obliges hotel managers, hostel operators, and any person accommodating or renting premises to foreigners to notify the Directorate, one of its branches, or the police station within forty-eight

hours of the foreigner's arrival or departure, shall be fined two hundred (200) dinars, pursuant to Article (36/a) of the Law.

4. **Employment of Foreigners Without Residence Permit or Authorization to Work**

Any company or employer who employs a foreigner without a residence permit, or who is not authorized to work in the Kingdom, shall be fined not less than fifty (50) dinars and not more than seventy-five (75) dinars for each violating worker, pursuant to Article (35) of the Law, without prejudice to additional liabilities under labour and social security legislation.

**B. Recent Legislative Amendments and Their Impact**

The Jordanian Residency and Foreigners' Affairs Law underwent substantive amendments in 2024 and 2025, in response to economic and social challenges, with the aim of enhancing Jordan's attractiveness for investment and tourism, regulating the labour market, and ensuring effective deterrence of violations. The most significant features of the current framework include:

1. **Stricter Fines for Overstaying Residency**

Article (34/a) now prescribes a fine of ninety dinars for each month or part thereof of overstay, calculated at three dinars per day, thereby reinforcing the deterrent effect against continued violation.

2. **Special Fine for Failure to Declare or Report Residence**

Article (36/a) imposes a fine of two hundred dinars for violations of Articles (11) and (14), relating to submission of the personal status declaration within two weeks of entry and reporting of foreigners' residence. This underscores the legislator's emphasis on documenting foreigners' presence and updating their data.

3. **Reduction or Elimination of Bank Deposit Requirement for Property Owners**

In addition to statutory provisions, regulations, instructions, and Cabinet decisions relating to certain categories of residency (particularly investment-based or property-related residencies) have restructured the conditions for bank deposits and property ownership. The requirement has been reduced to 10,000 dinars for those without property, or replaced by property ownership subject to specific conditions.

**Conclusion**

The Jordanian Residency and Foreigners' Affairs Law constitutes a comprehensive legislative framework regulating the presence of foreigners in the Kingdom, striking a careful balance between safeguarding national sovereignty and openness to the outside world. The Law, particularly following recent amendments, has contributed to enhancing Jordan's appeal for investment and tourism, regulating the labour market, and protecting societal security.

Jordan's experience demonstrates that updating legislation, simplifying procedures, and easing financial constraints can have a direct positive impact on the national economy by attracting foreign investment, stimulating vital sectors, and creating new employment opportunities. At the same time, stricter penalties for violators ensure effective deterrence and protect society from risks associated with unlawful residence.

Emerging challenges—such as regional employment, and education—necessitate continued development of policies and legislation, strengthened inter-agency cooperation, enhanced oversight, expanded investment incentives, and protection of both foreigners' rights and those of the host community.



Accordingly, it is recommended to continue updating the Law, particularly with respect to fines imposed on those failing to declare their residence after remaining in Jordan for more than two weeks—whether tourists or foreigners seeking residency—while simplifying procedures, expanding investment incentives, avoiding a presumption of suspicion under the pretext of national security, strengthening labour market oversight, developing awareness programmes, facilitating family reunification, enhancing international cooperation, and periodically assessing policy impacts. This will ensure the achievement of sustainable development goals, the protection of security and stability, and the consolidation of Jordan’s position as a regional hub for investment, education, and tourism.

## SECTION B:

### Hammouri & Partners’ Iraq Office - Electronic Signature in Iraqi Law

In recent decades, the world has witnessed significant developments in digital technologies, compelling national legislatures to revisit their traditional legal instruments in order to keep pace with this transformation. Iraq has not been isolated from these changes; indeed, the Electronic Signature and Electronic Transactions Law No. (78) of 2012 was enacted to establish the legislative framework governing the use of electronic means in evidencing legal acts.

This research aims to clarify the concept of the electronic signature, its legal foundation in Iraq, its conditions and evidentiary value, as well as the principal challenges facing its implementation. The Ministry of Communications has been tasked with enforcing this law, which was published in the Iraqi Gazette, issue (4826), together with the implementing instructions No. (1 of 2025).

#### I. The Concept of the Electronic Signature

The Iraqi law provides a clear definition of the electronic signature, considering it a set of letters,

numbers, symbols, or digital signals that are inserted, integrated, or transmitted electronically, and which are connected to the electronic document, indicating the identity of the signatory and their acceptance of its content.

It is noteworthy that the legislator did not restrict the electronic signature to a specific form, but rather allowed the use of any technology that achieves the essential purpose of the signature—namely, identifying the signatory and linking their inter to the content of the act.

#### II. The Legal Basis of the Electronic Signature in Iraq

The Iraqi legislator regulated the matter of electronic signatures through Law No. (78) of 2012, enacted in response to the growing need to organise electronic dealings in both governmental institutions and the private sector. The law established, inter alia:

- Legal recognition of the electronic signature, granting it the same legal effects as the traditional handwritten signature, provided its conditions are met.
- Identification of the authorities authorised to issue electronic certification certificates, thereby ensuring the reliability of issued signatures.
- Granting electronic documents—if they meet the statutory requirements—the same evidentiary force as paper-based documents.

#### III. Conditions for the Validity of the Electronic Signature

The Iraqi law stipulates several requirements to ensure the validity of the electronic signature and its evidentiary force, the most prominent of which are:

1. **Verifiability of the signatory’s identity:** The technical means employed must be capable of revealing the identity of the person who issued the signature.
2. **Connection of the signature to the electronic document:** The signature must be

inseparable from the content of the document and cannot be transferred to another document without leaving evidence of alteration.

3. **Integrity of the system used:** The signature must be executed through a reliable means that ensures protection against tampering or modification after signing.
4. **Existence of an electronic certification certificate** issued by an accredited authority, where the type of signature requires such certification.

#### IV. Evidentiary Value of the Electronic Signature

The Iraqi law recognises the evidentiary force of the electronic signature, affirming that it carries the same legal weight as the traditional handwritten signature, provided the aforementioned conditions are satisfied. The importance of this recognition is reflected in several aspects:

- Acceptance of electronic documents before courts and official authorities.
- Facilitation of electronic transactions in commercial contracts and governmental services.
- Reduction in reliance on paper documents and minimisation of traditional forgery risks.

Furthermore, the legislator granted judges discretionary authority to assess the extent to which the technical safety requirements of electronic documents are met, in line with the nature of each case and the available standards of information security.

#### V. Challenges Facing the Implementation of Electronic Signatures in Iraq

Despite the existence of a legislative framework, the practical application of electronic signatures in Iraq encounters several challenges, including:

- 1 Weakness of technical infrastructure in many institutions, limiting the effective use of electronic signatures.

2. Limited legal and technical awareness among individuals and institutions regarding the mechanisms and advantages of electronic signatures.
3. Restricted number of authorities authorised to issue electronic certification certificates, reducing the spread of secure electronic signature usage.
4. Security concerns related to hacking and cybercrime, necessitating the strengthening of cybersecurity systems.

#### Conclusion

The Iraqi Electronic Signature Law represents a significant step towards adopting modern mechanisms for regulating digital transactions, reflecting the legislator's intent to keep pace with global technological progress. Although challenges to implementation remain, the existing legal framework provides a foundation upon which to build a robust system of electronic dealings and enhance trust in them.

It is essential that this framework be accompanied by awareness programmes, infrastructure development, and strengthened cybersecurity measures, to ensure the effective and widespread application of electronic signatures in Iraq.

#### SECTION C: START UPS & SMEs - Oqal Note: Its Nature, Distinction from Other Financing Tools, and Challenges of Application

##### Introduction

In light of the rapid increase in investments in small, medium-sized and emerging companies in the Arab region, the need has arisen for financing tools that align with the local legal environment while keeping

pace with global innovations in finance. In response, what is known as the Oqal Note has emerged as a regional innovation designed to bridge the legal and Sharia gap between internationally used financing tools such as the SAFE Note and the Convertible Note, while adding an Arab identity and ensuring compliance with Islamic law.

We previously addressed tools related to start-up financing in our thirty-eighth bulletin (parts one and two). In this bulletin, we will discuss the “Oqal Note” in terms of:

1. Its nature,
2. Its distinction from other financing tools,
3. How the legal vacuum affects its use in Jordan.

### First: The Nature of the Oqal Note

The Oqal Note is an innovative financing document that appeared among start-ups in the Middle East, particularly in Saudi Arabia, as an attempt to create an investment tool similar to the SAFE Note but structured to comply with the legal and Sharia systems of the region. Its name is inspired by the combination of “Aqool (minds) + Amwal (funds) = Oqal.”

The Oqal group defined it as:

“An investment document and tool commonly used in the early stages of investment in pioneering start-ups. It is an agreement signed between the start-up and the investor, whereby the investor finances the company with a certain amount in the form of a benevolent loan (qard hasan), with the right to convert this loan into equity shares once certain agreed conditions are met.”

Thus, it is a financing tool similar to the SAFE Note, but designed to be compatible with the Arab/Sharia environment. Its core idea is the commitment to convert the investor’s payment into company shares once specific conditions are met. In other words, it is a promise to convert the investment into shares later, upon fulfilment of agreed conditions.

### Second: Distinction from Other Financing Tools

(Convertible Note and SAFE Note)

The Oqal Note is a simplified financing tool inspired by both the SAFE Note and the Convertible Note, but it differs from

them in its legal structure and compliance with Islamic law.

- **SAFE Note:** A simplified contractual commitment granting the investor the right to future shares upon a certain event. It is not considered debt, but as an American-designed tool, it may conflict with Sharia principles because it involves a financial right suspended on an uncertain event, which can lead to gharar (uncertainty).

- **Convertible Note:** Essentially a loan, usually bearing interest and with a maturity date, that converts into shares in a later funding round. This contradicts Islamic law due to the concept of interest (riba).

- **Oqal Note:** A middle ground. It combines the simplicity of the SAFE Note without suspending the existence of the obligation itself, and excludes the debt element of the Convertible Note. It carries no interest, does not suspend the obligation itself (only its execution) until agreed conditions are met, and does not impose a fixed financial liability. Instead, it allows conversion into shares only upon fulfilment of specific conditions, making it more compatible with the regional legal environment.

This provides start-ups with a flexible and easily applicable model for quick financing without the complexities of debt or formal issuance restrictions.

### Third: The Impact of the Legal Vacuum on the Use of Oqal Note in Jordan

Although the Oqal Note offers a flexible and fast means of financing start-ups, its use in Jordan remains surrounded by risks due to the absence of explicit legislative provisions regulating this type of financing tool.

- The lack of a clear legal framework creates wide room for interpretation regarding the nature of the Oqal Note, the scope of investor rights, the conversion mechanism, and the enforceability of share issuance upon fulfilment of conditions.

- There is a risk of conflict between Oqal Note terms and Jordanian corporate law, especially for limited liability companies, which are subject to strict procedures for capital increases and share issuance.

- Investors may also face risks of being unable to enforce conversion despite agreement, leaving them with claims for compensation instead of shares.

Thus, reliance on the Oqal Note in Jordan depends heavily on precise contractual drafting and careful risk assessment, given the legislative vacuum that heightens the need for caution and clarity.

### Conclusion

In summary, the Oqal Note represents a middle ground between other financing tools, combining speed of investment with reduced legal and Sharia risks. It seeks to address shortcomings in other tools by setting clear conditions for conversion, valuation caps or discount rates, and linking future promises to defined timelines and criteria. This reduces the risk of fraud and increases certainty for both parties.

However, its use in Jordan remains constrained by the absence of explicit legal regulation defining its nature, conversion mechanism, and enforceability of share issuance. Despite this, the Oqal Note remains a practical option for companies seeking flexible financing without the complexities of debt or high risks.



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If you would like to discuss further any aspects of this Newsletter, please feel free to get in touch with one of our lawyers, using the contact details in the Contributors section below.

If you feel that other persons would be interested in reading this Newsletter, please feel free to share.

If you wish not to have our upcoming Newsletter or if you wish to amend the contact details, please inform us by sending an email to [info@hammourilaw.com](mailto:info@hammourilaw.com), titled “*non-subscription*” and/or “*amending the contact details*”.

Warm regards,

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## ABOUT HAMMOURI & PARTNERS ATTORNEYS AT-LAW

Hammouri & Partners Attorneys at-Law, is a Jordanian multi-practice law firm, founded over two decades ago (established in 1994) by the late Professor Mohammad Hammouri. Professor Hammouri was a renowned Jordanian attorney and an arbitrator, a former Minister of Culture and National Heritage and a former Minister of Higher Education, who wrote a plethora of books, primarily on constitutional rights.

Professor Mohammad Hammouri also founded the first School of Law in the Hashemite Kingdom of Jordan at The University of Jordan, in which he was its first dean. Today, the firm is managed by Dr. Tariq Hammouri, a distinguished academic and attorney and a former Minister of Industry, Trade and Supply. Dr. Tariq Hammouri is both an experienced attorney and an arbitrator, an expert in the Corporate sector, Commercial Transactions, Financial Markets, Banking Law and International Trade. He is an Associate Professor at the School of Law, University of Jordan and (formerly) the Dean of the School of Law. Dr. Hammouri is also an officially appointed member of the International Center for Settlement of Investment Disputes (ICSID) Panel of Arbitrators upon designation by the Government of the Hashemite Kingdom of Jordan, for the period of 2020 to 2026.

Hammouri & Partners' team consists of more than 30 attorneys and a number of other professionals working in the firm's specialized departments, providing professional legal services at a local, regional and international level. We also have a strong presence in Iraq, with an office located in Baghdad, the capital of the Republic of Iraq, and a branch in Erbil, within the Kurdistan Region, to offer comprehensive legal services across the country. The Iraq office has been operational since September 2023.

The firm's legal services cover numerous areas of practice, including the following: Corporate and Commercial Law (whether that is corporate set-up or drafting of all types of commercial agreements), Intellectual Property Law, Banking and Finance Law (the Firm advises local and international banks regarding all Banking Transactions and Regulatory Compliance). Additionally, the Firm's Litigation and Arbitration department have the capabilities and competence to represent parties in the most complex and novel legal matters, as it encompasses expertise in several areas of law, whether it is before courts or arbitral tribunals. Hammouri & Partners Attorneys at-Law was one of the first firms in Jordan to establish a specialized International Department to cater for the needs and requirements of international clients on an array of tasks with cross-border elements, such as those regarding bilateral and international trade negotiations, projects, contracts and others.

In addition to what has previously been stated, Hammouri & Partners provides legal advice and consultation to various industries such as those of Construction & Infrastructure, Manufacturing, Engineering, Trade, Securities and Energy, as some of its clients are major energy, healthcare, information technology and telecoms companies.

Hammouri & Partners Attorneys at-Law provides its broad services throughout Jordan as well as worldwide, through established collaborations with reputable law firms in the MENA region, Europe, the United Kingdom and the USA. Hammouri & Partners has earned regional and international acclaim by the most reputable legal directories. Chambers and Partners Global, International Financial Law Review (IFLR 1000) and the Legal 500, all highlight Hammouri & Partners as a leading law firm in the Jordanian legal services industry.

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