Regulatory Barriers to Venture Capital Formation in Jordan and the United Arab Emirates

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ABSTRACT

Venture capital companies play a significant role in promoting economic development, supporting entrepreneurship, and financing innovative enterprises with substantial growth potential. However, regulatory barriers continue to affect the establishment of venture capital companies in Jordan and the United Arab Emirates, raising concerns about legal certainty, investment accessibility, and institutional effectiveness. This study examines the principal regulatory challenges affecting venture capital formation in both jurisdictions and explores legal mechanisms for strengthening investment governance. The research employs a normative juridical method using statutory, conceptual, and comparative legal approaches to analyze company formation regulations, investment requirements, and institutional supervision. The analysis identifies three potential regulatory challenges. First, legislative uncertainty concerning the legal classification and organizational structure of venture capital companies may complicate their establishment and operation. Second, complex registration procedures and regulatory requirements may increase compliance costs and discourage investors from establishing venture capital enterprises. Third, insufficient coordination among regulatory institutions and limitations in investor protection mechanisms may undermine legal certainty and restrict access to entrepreneurial financing.

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Introduction

Venture capital provides an important source of financing for entrepreneurial enterprises that demonstrate considerable growth potential but encounter financial uncertainty during their establishment and expansion.[1] Unlike conventional bank lending, which requires borrowers to repay principal and interest under contractual terms, venture capital enables investors to acquire equity interests and obtain returns from the future appreciation of enterprise value.[2] This arrangement distributes commercial risks between investors and

[1] Xue Lei and Xueguo Xu, 'The "Spider Web" of Venture Capital: An Invisible Force Driving Corporate Green Technology Innovation', *Technology in Society*, 82 (2025), 102882 https://doi.org/10.1016/j.techsoc.2025.102882

[2] Jun Chen, 'Venture Capital Research in China: Data and Institutional Details', *Journal of Corporate Finance*, 81 (2023), 102239 https://doi.org/10.1016/j.jcorpfin.2022.102239

entrepreneurs while facilitating innovation, technological advancement, and business development.[3] Venture capital investors may also contribute managerial expertise, professional networks, and strategic guidance that strengthen entrepreneurial performance.[4] Consequently, governments increasingly recognize venture capital as an instrument for encouraging entrepreneurship, diversifying national economies, and promoting sustainable economic growth. Nevertheless, venture capital development depends on legal institutions that establish clear incorporation procedures, define permissible investment activities, protect investors, and ensure effective regulatory supervision.[5]

Venture capital differs from conventional corporate financing because investors generally acquire ownership interests in enterprises whose future profitability remains uncertain.[6] Investors anticipate financial returns through share transfers, acquisitions, or other lawful exit arrangements when enterprises achieve sufficient commercial maturity.[7] These activities require corporate structures that accommodate investment risks, contractual flexibility, and enforceable ownership rights.[8] However, general company legislation may not adequately address the institutional characteristics of venture capital entities, particularly when regulatory frameworks fail to distinguish investment companies, investment funds, and professional fund managers. These distinctions determine the applicable registration procedures, licensing requirements, governance obligations, and supervisory authorities. Accordingly, legal certainty requires more than formal recognition of venture capital activities. It also requires coherent regulatory arrangements that enable investors to establish and operate investment

[3] Abhishek Mukherjee and others, 'Financing Green Innovation Startups: A Systematic Literature Review on Early-Stage SME Funding', *Venture Capital*, 28.2–3 (2026), 149–75 https://doi.org/10.1080/13691066.2024.2410730

[4] Bin Xi and Weifang Jia, 'Research on the Impact of Carbon Trading on Enterprises' Green Technology Innovation', *Energy Policy*, 197 (2025), 114436 https://doi.org/10.1016/j.enpol.2024.114436

[5] Yongjing Xie and Boqiang Lin, 'Financial Leasing and China's Renewable Energy Firms' Investment Behavior: In the Context of Government Subsidy Reduction', *Renewable and Sustainable Energy Reviews*, 214 (2025), 115547 https://doi.org/10.1016/j.rser.2025.115547

[6] Lili Zhao and others, 'How Does Climate Policy Uncertainty Shape Corporate Investment Behavior?', *Research in International Business and Finance*, 74 (2025), 102696 https://doi.org/10.1016/j.ribaf.2024.102696

[7] Yunchuan Sun and others, 'Alternative Data in Finance and Business: Emerging Applications and Theory Analysis (Review)', *Financial Innovation*, 10.1 (2024), 127 https://doi.org/10.1186/s40854-024-00652-0

[8] Peter J. Buckley and others, 'International Business Theory and the Criminal Multinational Enterprise', *Journal of World Business*, 59.5 (2024), 101553 https://doi.org/10.1016/j.jwb.2024.101553

entities without compromising financial accountability or legitimate investor interests.[9]

Jordan has introduced legislative measures to strengthen entrepreneurial financing and investment development. Law Number 20 of 2023 amended Companies Law Number 22 of 1997 and established a specific legal foundation for venture capital companies.[10] Article 77 recognizes companies that undertake direct investments or invest in enterprises characterized by substantial commercial risks and significant growth potential. The provision associates investment returns with the subsequent disposal of equity interests and restricts investments in companies listed on financial markets. Through this recognition, Jordanian legislation distinguishes venture capital activities from conventional commercial operations and acknowledges their potential contribution to economic diversification. Nevertheless, the introduction of a specialized corporate category does not independently demonstrate that investors can establish and operate venture capital companies through sufficiently accessible procedures. Regulatory effectiveness also depends on the clarity of implementing provisions, institutional requirements, and supervisory responsibilities.[11]

The Jordanian framework raises questions concerning corporate classification, investment eligibility, and administrative implementation. Although Article 77 identifies the principal investment objectives of venture capital companies, investors must determine how its provisions interact with general incorporation requirements and relevant implementing regulations.[12] Legal uncertainty may arise when legislation provides broad investment categories without establishing sufficiently clear procedures for their application.[13] Reports indicating an absence of registered venture capital companies under the designated legal category warrant further examination through official administrative records. However, limited registration activity cannot independently establish legislative failure

[9] Jiamin Zhang and Qian Cecilia Gu, 'Unraveling the Puzzling Risk–Return Relationship: Distinctive Roles of Government Involvement in Venture Capital Investment', *Strategic Management Journal*, 45.11 (2024), 2307–39 https://doi.org/10.1002/smj.3629

[10] Yassar Fawaz Alhunieti, Khalif Saleh Dhiab Amoush and Ahmad Abdulkadir Ibrahim, 'The Consequences of Foreign Company's Acquisition of Legal Personality in Jordanian Legislation', in *Musleh Al-Sartawi, A.M.A., Aydiner, A.S., Kanan, M. (Eds) Business Analytical Capabilities and Artificial Intelligence-Enabled Analytics: Applications and Challenges in the Digital Era* (Cham: Springer, 2024), pp. 269–78 https://doi.org/10.1007/978-3-031-57242-5_22

[11] Wai-Hang Yee, Shui-Yan Tang and Carlos Wing-Hung Lo, 'Constructing Regulatory Regimes for Sustainable Development: Commitment to Resolve, Clarity, and Reasonableness', *Journal of Environmental Policy & Planning*, 26.4 (2024), 449–63 https://doi.org/10.1080/1523908X.2024.2369287

[12] Salem Al-Oun, Mohammad Fathi AlMaaitah and Al-Muthanna Al-Azamat, 'Sustainable Energy Transition in Jordan: The Interplay of Regulatory Frameworks and Infrastructure', *Energies*, 18.5 (2025), 1220 https://doi.org/10.3390/en18051220

[13] G. Ulpiani and N. Vetters, 'On the Risks Associated with Transitioning to Climate Neutrality in Europe: A City Perspective', *Renewable and Sustainable Energy Reviews*, 183 (2023), 113448 https://doi.org/10.1016/j.rser.2023.113448

because investors may select alternative structures or respond to commercial conditions unrelated to incorporation law. The analysis must therefore distinguish statutory obstacles from administrative practices, market preferences, and institutional factors before attributing limited company formation to regulatory deficiencies.[14]

The United Arab Emirates provides a different legal environment for venture capital formation. Federal Decree Law Number 32 of 2021 concerning Commercial Companies establishes general rules governing corporate incorporation, ownership, and commercial activities.[15] Its provisions facilitate foreign investment in permitted sectors and provide opportunities for investors to establish different corporate structures. Nevertheless, venture capital activities may also fall within specialized financial regulatory frameworks that operate alongside general company legislation. Investors must therefore consider the legal consequences of establishing entities within mainland jurisdictions, the Abu Dhabi Global Market, the Dubai International Financial Centre, or other relevant jurisdictions.[16] Each arrangement may involve different incorporation procedures, permissible activities, and authorization requirements. Consequently, an assessment of venture capital regulation in the United Arab Emirates must distinguish ordinary corporate establishment from authorization to undertake regulated financial activities.[17]

Several regulatory institutions exercise authority over relevant investment activities in the United Arab Emirates. The Securities and Commodities Authority, the Financial Services Regulatory Authority of the Abu Dhabi Global Market, and the Dubai Financial Services Authority supervise activities within their respective statutory jurisdictions.[18] Their regulatory frameworks establish requirements concerning authorization, institutional governance, financial disclosure, and

[14] Jiangang Qi and Zhaodi Yu, 'China's Carbon Labeling Legal System and Green Supply Chain Management from the Perspective of Sustainability: Status Quo, Implementation Problems and Legislative Recommendations', *Carbon Management*, 16.1 (2025) https://doi.org/10.1080/17583004.2025.2451859

[15] Maya Khater, Yassine Chami and Mohamad Albakjaji, 'Legal Environmental Protection and Sustainable Development in the United Arab Emirates', *Journal of Human Rights, Culture and Legal System*, 5.2 (2025), 378–411 https://doi.org/10.53955/jhcls.v5i2.469

[16] Ilias Bantekas, 'The Abu Dhabi Global Market and Its Transplant of English Private Law', *The Chinese Journal of Comparative Law*, 11.2 (2023) https://doi.org/10.1093/cjcl/cxad007

[17] Early Ridho Kismawadi, 'Islamic Fintech: Navigating the Regulatory Framework and Promoting Financial Inclusion in Gulf Cooperation Council (GCC) Countries', *Journal of Islamic Marketing*, 16.6 (2025), 1742–69 https://doi.org/10.1108/JIMA-02-2023-0061

[18] Rashid Hamed Al-Balushi and Zaeem Nasser Al-Shuaibi, 'Criminal Liability for Money Laundering and Terrorist Financing through Non-Fungible Tokens: A Comparative Legal Study between the Sultanate of Oman, the United Arab Emirates and the United Kingdom', *International Annals of Criminology*, 63.4 (2025), 791–807 https://doi.org/10.1017/cri.2025.10114

investor protection.[19] These arrangements provide investors with alternative organizational opportunities, but they also require careful consideration of applicable regulatory obligations. Multiple regulatory frameworks do not necessarily create institutional inefficiency because different investment structures may require distinct supervisory arrangements. The central legal question concerns whether investors can identify appropriate legal structures, understand applicable authorization requirements, and conduct venture capital activities through transparent and predictable procedures.[20]

Jordan and the United Arab Emirates consequently demonstrate different approaches to venture capital regulation. Jordan expressly recognizes venture capital companies within its amended company legislation, whereas the United Arab Emirates accommodates relevant activities through general corporate provisions and specialized financial regulatory arrangements. This distinction raises questions concerning the relationship between legislative specificity and regulatory effectiveness. Specialized statutory recognition may clarify institutional identity but may also introduce restrictive requirements that limit operational flexibility. Conversely, multiple regulatory structures may facilitate investment innovation while increasing the complexity of determining applicable legal obligations. Comparative analysis must therefore evaluate the substantive consequences of each framework rather than presume that specialized legislation necessarily provides stronger legal certainty or that regulatory diversity automatically discourages investment.[21]

Existing scholarship establishes important connections between venture capital financing, contractual governance, and legal institutions. Gompers and Lerner (2001) examine venture capital development and emphasize the influence of financial arrangements and institutional conditions on entrepreneurial investment.[22] Kaplan and Strömberg (2003) analyze venture capital contracts and demonstrate how investors and entrepreneurs allocate financial incentives, control rights, and investment risks through contractual arrangements. Their research highlights the importance of enforceable agreements in managing uncertainty and protecting investment interests. However, these contributions primarily address investment relationships and financial governance rather than the statutory

[19] Preethi Vijayagopal, Bhawana Jain and Shyam Ayinippully Viswanathan, 'Regulations and Fintech: A Comparative Study of the Developed and Developing Countries', *Journal of Risk and Financial Management*, 17.8 (2024), 324 https://doi.org/10.3390/jrfm17080324

[20] Nolan Lovett, 'The Tragedy of the Cognitive Commons: How AI Could Disrupt the Regeneration of Professional Expertise', *Human Resource Development Review*, 2026 https://doi.org/10.1177/15344843261470602

[21] Mohammed A. Aladaseen, 'Unlocking Arbitration: Evolving Legal Standards for Commercial Agency Disputes in Jordan and the UAE', *International Journal of Law and Management*, 68.3 (2026), 554–72 https://doi.org/10.1108/IJLMA-09-2024-0316

[22] Paul Gompers and Josh Lerner, 'The Venture Capital Revolution', *Journal of Economic Perspectives*, 15.2 (2001), 145–68 https://doi.org/10.1257/jep.15.2.145

procedures governing venture capital company formation in Jordan and the United Arab Emirates. Their findings provide useful theoretical foundations but do not resolve the specific regulatory questions examined in this study.[23]

Cumming, Schmidt, and Walz (2010) further examine how legal institutions influence venture capital governance and investment outcomes. Their analysis indicates that enforceable contractual rights and predictable institutional arrangements contribute to venture capital development. Nevertheless, applying these findings to Jordan and the United Arab Emirates requires consideration of differences in corporate legislation, financial regulation, and institutional authority. The scholarship discussed here explains important aspects of venture capital financing but offers limited guidance concerning the comparative legal consequences of specialized company recognition and diversified financial regulatory structures in these jurisdictions. This limitation establishes the need for a focused doctrinal examination of corporate classification, incorporation procedures, regulatory supervision, and investor protection.[24]

The classification of entrepreneurial enterprises presents another important legal question. Article 77 of Jordan's amended Companies Law identifies enterprises with substantial commercial risks and significant growth potential as relevant investment targets. However, these characteristics may require further interpretation because entrepreneurial enterprises differ in technological development, organizational maturity, financial capacity, and market participation. Broad statutory terminology may complicate investment eligibility assessments when the applicable framework lacks sufficient interpretative guidance. Nevertheless, legislation does not necessarily need to establish a single definition covering every entrepreneurial enterprise. Implementing regulations and competent authorities may provide appropriate classification criteria. The relevant inquiry concerns whether existing legal instruments establish sufficiently clear and consistent standards for determining permissible venture capital investments.[25]

Investment exit arrangements also influence legal certainty and contractual predictability. Venture capital investors generally seek returns through share sales, corporate acquisitions, or other lawful transactions after their investments

[23] Steven N. Kaplan and Per Stromberg, 'Financial Contracting Theory Meets the Real World: An Empirical Analysis of Venture Capital Contracts', *Review of Economic Studies*, 70.2 (2003), 281–315 https://doi.org/10.1111/1467-937X.00245

[24] Douglas Cumming, Daniel Schmidt and Uwe Walz, 'Legality and Venture Capital Governance around the World', *Journal of Business Venturing*, 25.1 (2010), 54–72 https://doi.org/10.1016/j.jbusvent.2008.07.001

[25] Wojtek BUCZYNSKI and others, 'Hard Law and Soft Law Regulations of Artificial Intelligence in Investment Management', *Cambridge Yearbook of European Legal Studies*, 24 (2022), 262–93 https://doi.org/10.1017/cel.2022.10

achieve commercial maturity.[26] However, investment periods depend on business performance, market conditions, and contractual arrangements. A mandatory statutory investment period may therefore restrict commercial flexibility rather than strengthen investor protection. More important legal considerations concern the enforceability of shareholder agreements, transfer restrictions, investor withdrawal rights, and dispute resolution procedures. The analysis should consequently determine whether existing corporate and investment regulations permit parties to establish predictable exit arrangements while protecting their legitimate contractual interests.[27]

Administrative procedures constitute an additional consideration in evaluating venture capital formation. Investors must identify competent registration authorities, satisfy incorporation requirements, obtain relevant authorizations, and comply with continuing regulatory obligations. Unclear institutional responsibilities or overlapping procedures may increase compliance costs and complicate investment decisions. Conversely, transparent registration systems and proportionate supervision may facilitate company establishment while preserving financial integrity. The distinction between corporate incorporation and financial activity authorization remains particularly important because establishing a legal entity does not automatically permit investors to manage regulated investment funds. A coherent regulatory framework must clarify these separate requirements and their institutional consequences.[28]

This study contributes to comparative legal scholarship by developing an analytical framework that connects legislative certainty, institutional accessibility, and investor protection. Rather than assessing regulatory effectiveness solely through the existence of specialized venture capital legislation, the research examines the relationship between corporate classification, establishment procedures, investment eligibility, supervisory authority, and contractual safeguards. This approach distinguishes identifiable statutory limitations from administrative difficulties and broader market conditions. It also provides a basis

[26] David Kampmann, 'Venture Capital, the Fetish of Artificial Intelligence, and the Contradictions of Making Intangible Assets', *Economy and Society*, 53.1 (2024), 39–66 https://doi.org/10.1080/03085147.2023.2294602

[27] Alan K. Koh, 'Shareholder Withdrawal in Close Corporations: An Anglo-German Comparative Analysis', *Journal of Corporate Law Studies*, 22.1 (2022), 197–228 https://doi.org/10.1080/14735970.2021.2012883

[28] Xin Zhang, Yao Yu Xu and Liang Ma, 'Information Technology Investment and Digital Transformation: The Roles of Digital Transformation Strategy and Top Management', *Business Process Management Journal*, 29.2 (2023), 528–49 https://doi.org/10.1108/BPMJ-06-2022-0254

for evaluating whether different regulatory arrangements facilitate venture capital formation while maintaining appropriate institutional accountability.[29]

The urgency of this research reflects the importance of entrepreneurial financing for economic diversification, innovation, and sustainable development in Jordan and the United Arab Emirates. Venture capital institutions require predictable legal environments that enable investors to evaluate regulatory obligations and protect their investments. Unclear procedures may increase transaction costs and discourage institutional formation, while excessive regulatory simplification may weaken financial supervision. Both jurisdictions must therefore balance investment accessibility with legal certainty and investor protection. Comparative examination can identify appropriate regulatory improvements without assuming that either legislative specialization or regulatory flexibility provides a universally superior model.[30] Accordingly, this study addresses three research questions. First, how do Jordanian and Emirati legal frameworks regulate the classification and establishment of venture capital companies? Second, how do registration procedures, licensing requirements, and institutional supervision influence venture capital formation? Third, what regulatory improvements could strengthen legal certainty and investor protection while facilitating entrepreneurial financing? The research employs statutory, conceptual, and comparative legal approaches to examine these questions. It aims to identify substantiated regulatory barriers, evaluate differences between the two jurisdictions, and propose legally appropriate improvements. The study ultimately seeks to advance a coherent comparative regulatory framework that supports venture capital formation, institutional accountability, entrepreneurial innovation, and sustainable economic development.[31]

Method

This study adopts a normative juridical research method to investigate regulatory barriers to venture capital formation in Jordan and the United Arab Emirates. The research integrates statutory, conceptual, and comparative legal approaches to examine how corporate legislation, investment regulations, and institutional arrangements influence company establishment, legal certainty, and investor protection. Through the statutory approach, the researchers analyze Jordanian Companies Law Number 22 of 1997, as amended by Law Number 20 of

[29] Renée Scharnigg and Siddharth Sareen, 'Accountability Implications for Intermediaries in Upscaling: Energy Community Rollouts in Portugal', *Technological Forecasting and Social Change*, 197 (2023), 122911 https://doi.org/10.1016/j.techfore.2023.122911

[30] Ahmed Al-Sulaiti and others, 'Innovation-Based Strategic Roadmap for Economic Sustainability and Diversity in Hydrocarbon-Driven Economies: The Qatar Perspective', *Sustainability*, 16.9 (2024), 3770 https://doi.org/10.3390/su16093770

[31] Ahmed I. Kato, 'Venture Capital as a Catalyst for Innovation and Economic Growth in Emerging Economies: A Systematic Review and Future Research Agenda', *Administrative Sciences*, 15.11 (2025), 405 https://doi.org/10.3390/admsci15110405

2023, alongside relevant regulations governing venture capital activities. The analysis also examines Federal Decree Law Number 32 of 2021 concerning Commercial Companies in the United Arab Emirates and applicable financial regulations governing investment activities within mainland jurisdictions, the Abu Dhabi Global Market, and the Dubai International Financial Centre. The conceptual approach employs principles of legal certainty, contractual freedom, corporate governance, and proportionality to assess whether these regulatory frameworks provide appropriate legal foundations for venture capital formation. The comparative approach examines differences in corporate classification, registration procedures, regulatory authority, and investment protection to determine how each jurisdiction addresses the legal requirements of venture capital activities.[32]

The researchers collect primary legal materials from legislation, statutory amendments, implementing regulations, and official regulatory instruments issued by competent authorities in both jurisdictions. They supplement these materials with secondary sources, including academic journal articles, legal textbooks, and comparative legal studies addressing venture capital regulation and investment governance. The study applies qualitative doctrinal analysis through four systematic stages. First, the researchers identify and classify legal provisions governing corporate establishment, investment eligibility, licensing, institutional supervision, and investment exit mechanisms. Second, they interpret these provisions using textual and systematic legal interpretation to examine their legal meaning, institutional coherence, and enforceability. Third, they conduct a functional comparison of both jurisdictions using legislative certainty, institutional accessibility, and investor protection as common analytical criteria. Fourth, they evaluate the identified regulatory limitations against principles of legal certainty, proportionality, and effective corporate governance to develop legislative and institutional recommendations. This analytical process distinguishes limitations arising from statutory provisions from administrative practices and commercial circumstances that require separate empirical investigation. Accordingly, the research establishes a comparative legal assessment of venture capital formation and develops normative recommendations for strengthening regulatory coherence, investment accessibility, and institutional accountability in both jurisdictions.[33]

[32] Anis Mashdurohatun and others, 'Combating Digital Defamation: Regulations, Challenges and Protecting Reputation', *Journal of Sustainable Development and Regulatory Issues (JSDERI)*, 3.3 (2025), 486–514 https://doi.org/10.53955/jsderi.v3i3.147

[33] Lego Karjoko, Iswantoro and Makhabbat Ramazanova, '"Good Faith" in Land Transaction: A Comparative Analysis of the USA and Netherlands Law', *Journal of Sustainable Development and Regulatory Issues*, 2.3 (2024), 185–208 https://doi.org/10.53955/jsderi.v2i3.49

Results and Discussion

Legislative Uncertainty and Legal Frameworks Governing Venture Capital Formation

Venture capital formation requires a legal framework that accommodates investment risks, corporate flexibility, contractual autonomy, and institutional accountability.[34] Unlike conventional commercial enterprises, venture capital entities mobilize financial resources to acquire ownership interests in entrepreneurial businesses with substantial growth potential.[35] Investors may undertake these activities directly through personal or corporate investments or indirectly through specialized investment funds. Angel investors generally invest personal capital in emerging enterprises, whereas venture capital companies and funds organize investments through institutional arrangements involving multiple investors and professional managers. These differences have important legal consequences because investment companies, investment funds, and fund managers may operate under distinct incorporation, licensing, governance, and liability requirements. Jordan and the United Arab Emirates illustrate different approaches to regulating these activities. Jordan expressly recognizes venture capital companies through specialized corporate provisions, while the United Arab Emirates accommodates venture capital investment through general company legislation and specialized financial regulatory systems. These differences raise questions concerning legal certainty, institutional accessibility, and the effectiveness of regulatory frameworks in supporting entrepreneurial financing.[36]

Jordan established a specific regulatory foundation for venture capital companies through Companies Law Number 22 of 1997 and Venture Capital Companies Regulation Number 143 of 2018. The amendments introduced through Law Number 20 of 2023 further developed the applicable legislative framework. Consequently, the legal recognition of venture capital companies did not originate exclusively from the 2023 amendments. Article 77 provides a statutory basis for venture capital activities involving direct investment or investment in enterprises characterized by substantial commercial risks and significant growth potential. The provision associates investment returns with the subsequent disposal of equity interests and restricts investment in companies listed on financial markets.

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[34] Bruce Bing Zhou, 'The Rise and Fall of a Contractual Legal Capital Regime – Lessons from a Decade of Institutional Experiments in China', *Asia Pacific Law Review*, 34.2 (2026), 488–514 https://doi.org/10.1080/10192557.2025.2583325

[35] Ahmed I Kato, 'Building Resilience and Sustainability in Small Businesses Enterprises through Sustainable Venture Capital Investment in Sub-Saharan Africa', *Cogent Economics & Finance*, 12.1 (2024), 2399760 https://doi.org/10.1080/23322039.2024.2399760

[36] Mushab Rashid and others, 'Fostering Entrepreneurship: Analyzing the Influence of Access to Finance, Innovation Investment, Educational Attainment, Infrastructure Development, and Regulatory Environment', *Future Business Journal*, 11.1 (2025), 140 https://doi.org/10.1186/s43093-025-00557-z

This legislative arrangement distinguishes venture capital activities from conventional commercial operations. Nevertheless, statutory recognition alone does not establish whether investors can efficiently incorporate venture capital companies or whether the applicable provisions provide sufficient flexibility for different investment strategies.[37]

The relationship between Jordan's Companies Law and Venture Capital Companies Regulation Number 143 of 2018 requires particular attention. Specialized regulations may clarify incorporation requirements, organizational structures, and administrative responsibilities, but their effectiveness depends on their consistency with subsequent statutory amendments. Investors must determine which provisions govern company registration, capital commitments, management arrangements, and permissible investments. The coexistence of several legal instruments does not necessarily constitute legislative fragmentation. Regulatory uncertainty arises when their provisions establish inconsistent requirements, leave institutional responsibilities unclear, or fail to provide predictable procedures for company formation. Accordingly, the principal legal issue concerns the coherence of Jordan's existing regulatory framework rather than the complete absence of specialized venture capital legislation.[38]

Article 77 establishes requirements concerning the incorporation documents of venture capital companies. Applicants must provide information identifying the partners, capital commitments, ownership interests, authorized representatives, voting arrangements, and other organizational matters required by law. These requirements support transparency by establishing the legal identity of participating investors and documenting their financial obligations. They also enable competent authorities to examine organizational structures before registration. However, venture capital arrangements frequently involve successive capital commitments and investment contributions that occur over different periods. Consequently, regulatory clarity requires a distinction between committed capital and paid capital, together with procedures accommodating subsequent financing arrangements. The effectiveness of incorporation requirements depends on whether investors can satisfy mandatory documentation obligations without encountering unnecessary administrative restrictions.[39]

Article 78 regulates the contractual relationship among venture capital company partners through a written partnership agreement. This agreement

[37] Islam Abdeljawad, Muiz Abu Alia and Muhannad Demaidi, 'Financing Constraints and Corporate Investment Decision: Evidence from an Emerging Economy', *Competitiveness Review: An International Business Journal*, 34.1 (2024), 208–28 https://doi.org/10.1108/CR-02-2023-0033

[38] Ruwaidah H. Haddad and others, 'Corporate Social Responsibility Disclosure and Stock Market Liquidity: The Case of Jordan', *Sustainability*, 16.1 (2023), 88 https://doi.org/10.3390/su16010088

[39] M Hawin, Simon Butt and Reni Budi Setianingrum, 'Evaluating Whether Indonesia Should Maintain or Revise Its Local Incorporation Requirement for Foreign Investors', *Jurnal Media Hukum*, 31.2 (2024), 280–99 https://doi.org/10.18196/jmh.v31i2.22122

establishes the organizational arrangements governing management, operations, and the rights and obligations of participating investors. It may also regulate investment decisions, capital contributions, internal governance, financial reporting, and dispute resolution, subject to mandatory statutory requirements.[40] The provision recognizes arbitration where the parties expressly agree to that mechanism. Contractual autonomy plays an important role in venture capital financing because investors frequently possess different financial commitments, investment objectives, and risk preferences. Nevertheless, the legal framework must distinguish matters that partners may regulate through agreement from organizational requirements established by legislation. Clear boundaries between contractual freedom and mandatory regulation strengthen legal certainty and reduce disputes concerning managerial authority.[41]

Article 80 establishes a distinctive organizational structure by dividing participants into managing partners and financing partners. Managing partners exercise operational authority and assume personal responsibility for company obligations according to the applicable statutory liability regime.[42] Financing partners contribute capital without exercising ordinary management authority and generally limit their liability to their financial participation. This arrangement resembles a limited partnership structure and reflects the separation between investment management and capital provision commonly found in venture capital financing.[43] However, the distinction creates governance challenges because financing partners depend on managerial decisions while exercising limited operational control. The legal framework should therefore accommodate appropriate oversight mechanisms without undermining the statutory distinction between the two categories of partners.[44]

The relationship between management authority and investor protection represents a significant consideration within Jordan's regulatory framework.[45]

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[40] Kwan Ho Lau, 'A Call for Clarity in Contractual Accessions to Shareholder and Partnership Agreements', *Legal Studies*, 45.1 (2025), 96–112 https://doi.org/10.1017/lst.2024.35

[41] Suryadi Suryadi and others, 'Inconsistency in Freedom of Contract for Banking Dispute Resolution in Indonesia', *Legality : Jurnal Ilmiah Hukum*, 32.2 (2024), 221–37 https://doi.org/10.22219/ljih.v32i2.33121

[42] Suyeon Min and others, 'Power Dynamics in Community-Led Landscape Restoration: A Social Network Analysis of the Farmer Managed Natural Regeneration Project in Humbo, Ethiopia', *Forest Policy and Economics*, 192 (2026), 103908 https://doi.org/10.1016/j.forpol.2026.103908

[43] Kwan Yiu Cheng, 'The Legal Structure of Decentralised Autonomous Organisations (DAOs): Governance, Legal Personality and Liability', *Information & Communications Technology Law*, 34.3 (2025), 262–78 https://doi.org/10.1080/13600834.2025.2461949

[44] Magdalena Belof and Piotr Kryczka, 'Challenges in Outsourcing Local Spatial Planning in Poland: Is Legal Procedure the Last Remaining Safeguard in the Democratic Decision-Making Process?', *Planning Practice & Research*, 2025, 1–27 https://doi.org/10.1080/02697459.2025.2528252

[45] Fahd Alduais, Jafer Alsawalhah and Nashat A. Almasria, 'Examining the Impact of Corporate Governance on Investors and Investee Companies: Evidence from Yemen', *Economies*, 11.1 (2023), 13 https://doi.org/10.3390/economies11010013

Article 80 connects managerial status with organizational classification and liability, but these characteristics do not independently establish professional competence.[46] Effective venture capital management requires expertise in financial evaluation, investment strategy, corporate restructuring, and risk assessment. Partnership agreements may address these requirements through investment committees, financial disclosure obligations, conflict of interest procedures, and mechanisms for replacing managers.[47] Article 81 further establishes restrictions concerning specified criminal convictions and bankruptcy circumstances, subject to applicable statutory conditions. These requirements support institutional integrity, but legal eligibility should not be equated with professional capability. A proportionate regulatory framework should combine statutory safeguards with contractual mechanisms that strengthen accountability without imposing excessive restrictions on company formation.[48]

Jordan's Investment Environment Law Number 21 of 2022 provides an additional legal foundation for investment facilitation, institutional coordination, and incentives applicable to qualifying activities. Its relationship with company legislation requires systematic interpretation because registration as a venture capital company does not automatically establish eligibility for every investment benefit. Similarly, any income tax exemption must derive from the applicable provisions of Income Tax Law Number 34 of 2014 and subsequent amendments. Investors must therefore distinguish incorporation requirements from investment incentives, tax obligations, and financial supervision. Regulatory certainty depends on whether competent authorities provide consistent information concerning these requirements and whether investors can determine their legal obligations before committing capital.[49]

The practical effectiveness of Jordan's regulatory framework also requires empirical examination. Reports suggesting limited registration of venture capital companies under the specialized legal category raise questions concerning

[46] Sami Mohammed Alhaderi and others, 'Career Competencies and Job Market Readiness: The Role of Career Self-Management and Labor Market Uncertainty', *Education Sciences*, 16.9 (2026), 1472 https://doi.org/10.3390/educsci16091472

[47] Yanzi Liang, Han Le and Zheng Lu, 'How Does Strict Financial Supervision Affect Corporate Green Credit: Empirical Evidence from the New Capital Management Regulation', *Finance Research Letters*, 86 (2025), 108323 https://doi.org/10.1016/j.frl.2025.108323

[48] Ding Chuan, Dahai Li and Meishu Ye, 'Exit Decision of Venture Capital Based on Linear Contract in Continuous Time: IPO or M&A', ed. by Tingqiang Chen, *Complexity*, 2020 (2020), 1–19 https://doi.org/10.1155/2020/8814790

[49] Furkan Ahmad and others, 'Towards Net-Zero Energy Transition: A Detailed Climate Change Integrated Green Finance Policy Investment Framework for Qatar', *Sustainable Development*, 34.4 (2026), 5847–81 https://doi.org/10.1002/sd.70657

institutional accessibility.[50] However, the absence of verified registration statistics prevents definitive conclusions about the relationship between legislative requirements and company formation. Investors may use alternative corporate structures, establish investment entities in other jurisdictions, or respond to commercial conditions unrelated to regulatory requirements.[51] Consequently, the analysis cannot attribute limited venture capital formation exclusively to legislative deficiencies. Official registration records from the Companies Control Department would provide an important basis for evaluating whether specialized statutory recognition has translated into actual institutional establishment.[52]

The United Arab Emirates adopts a different regulatory approach through Federal Decree Law Number 32 of 2021 concerning Commercial Companies and specialized financial regulatory frameworks.[53] The Commercial Companies Law establishes general requirements governing corporate incorporation, ownership, management, and commercial transactions. Although the legislation does not create a comprehensive corporate category exclusively dedicated to venture capital companies, investors may establish legally recognized entities capable of conducting permissible investment activities. However, corporate incorporation does not automatically authorize regulated financial services. Investors must distinguish proprietary investment activities from collective investment arrangements, investment fund management, and other financial activities requiring authorization. This distinction determines whether general company registration provides an adequate legal foundation or whether specialized regulatory approval becomes necessary.[54]

The Emirati regulatory framework distinguishes mainland jurisdictions, ordinary free zones, and financial free zones. Mainland companies operate under applicable federal company legislation and relevant licensing requirements.[55]

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[50] Jesús Salgado-Criado and others, 'How Should We Govern Digital Innovation? A Venture Capital Perspective', *Technological Forecasting and Social Change*, 200 (2024), 123198 https://doi.org/10.1016/j.techfore.2023.123198

[51] Marco Dell'Erba and Suren Gomtsyan, 'Regulatory and Investor Demands to Use ESG Performance Metrics in Executive Compensation: Right Instrument, Wrong Method', *Journal of Corporate Law Studies*, 24.1 (2024), 1–40 https://doi.org/10.1080/14735970.2024.2350139

[52] Ekaterina Golovina and others, 'Organizational, Economic and Regulatory Aspects of Groundwater Resources Extraction by Individuals (Case of the Russian Federation)', *Resources*, 12.8 (2023), 89 https://doi.org/10.3390/resources12080089

[53] Ahmed Aldhelaia Alzaabi, 'The Legal Effects of the Division of Commercial Companies under UAE Legislation (an Analytical Study)', *Cogent Social Sciences*, 12.1 (2026) https://doi.org/10.1080/23311886.2026.2726001

[54] Bo Nørregaard Jørgensen and Zheng Grace Ma, 'Regulating AI in the Energy Sector: A Scoping Review of EU Laws, Challenges, and Global Perspectives', *Energies*, 18.9 (2025), 2359 https://doi.org/10.3390/en18092359

[55] Moatasem El-Gheriani and Adham Hashish, 'Harnessing the Crypto-Horse. Factors Affecting a Friendly Regulator of the Crypto-Industry: Dubai as a Test Case', *Information & Communications Technology Law*, 34.3 (2025), 241–61 https://doi.org/10.1080/13600834.2025.2452718

Ordinary free zones provide alternative incorporation arrangements through their respective authorities, although establishment within these jurisdictions does not automatically authorize regulated financial activities. Financial free zones, particularly the Abu Dhabi Global Market and the Dubai International Financial Centre, maintain specialized corporate and financial regulatory systems. These jurisdictions accommodate different investment structures and establish supervisory procedures appropriate to regulated financial activities. Consequently, the United Arab Emirates provides several establishment pathways, but investors must identify the legal requirements applicable to their organizational structure, investment activities, and intended market participation.[56]

Within the Abu Dhabi Global Market, the Financial Services Regulatory Authority supervises regulated financial activities under the applicable financial services framework. The Dubai Financial Services Authority performs corresponding functions within the Dubai International Financial Centre. The Securities and Commodities Authority exercises relevant responsibilities within the broader federal regulatory framework. These institutions establish requirements concerning authorization, financial governance, disclosure, and investor protection within their respective jurisdictions. Their coexistence reflects regulatory specialization rather than necessarily demonstrating institutional fragmentation. Nevertheless, differences in authorization procedures may increase establishment complexity when investors cannot readily determine the applicable legal framework. Clear regulatory guidance therefore plays an important role in reducing uncertainty and facilitating informed investment decisions.[57]

The Dubai Financial Services Authority provides a concrete illustration of specialized venture capital regulation. Its published regulatory fee arrangements identify an application fee of USD 2,000 and an annual authorization fee of USD 2,000 for managers exclusively operating venture capital funds. The published framework also identifies an annual fee of USD 1,000 for venture capital funds and no separate fund application fee within the specified category. These amounts demonstrate that the regulatory framework distinguishes venture capital fund management from other financial activities. However, they do not represent the total cost of establishing or operating a venture capital business because incorporation expenses, professional services, office requirements, and other regulatory obligations may generate additional costs. Consequently, these figures

[56] Shadeedha Mohamed Saradara and others, 'On The Path towards Sustainable Construction—The Case of the United Arab Emirates: A Review', *Sustainability*, 15.19 (2023), 14652 https://doi.org/10.3390/su151914652

[57] Albert Agbeko Ahiadu, Rotimi Boluwatife Abidoye and Tak Wing Yiu, 'Decision-Making Amid Economic Uncertainty: Exploring the Key Considerations of Commercial Property Investors', *Buildings*, 14.10 (2024), 3315 https://doi.org/10.3390/buildings14103315

provide evidence of regulatory differentiation but cannot independently establish the overall affordability of venture capital formation.[58]

The Dubai Financial Services Authority also establishes specific requirements concerning venture capital fund structures. Its Collective Investment Rules provide for venture capital funds organized through permitted closed fund arrangements, including investment companies and investment partnerships. These provisions demonstrate that specialized venture capital regulation exists within the Dubai International Financial Centre despite the absence of a single federal corporate statute exclusively governing venture capital companies. The legal significance of this arrangement lies in the distinction between general corporate recognition and specialized investment authorization. Investors may establish an appropriate legal entity, but the applicable financial regulatory framework determines whether that entity may conduct particular regulated activities.[59]

The Abu Dhabi Global Market has also introduced regulatory developments affecting investment fund management. In September 2026, the Financial Services Regulatory Authority announced amendments intended to streamline aspects of its fund management framework, including arrangements relevant to venture capital fund managers. The amendments also introduced transitional provisions extending into March 2027. These developments illustrate the evolving character of financial regulation within the United Arab Emirates. However, the existence of regulatory amendments does not independently demonstrate their effectiveness in reducing establishment costs or increasing investment activity. Such conclusions require subsequent examination of authorization records, regulatory implementation, and market participation.[60]

Regional investment data provide additional context for evaluating the economic significance of venture capital regulation. According to MAGNiTT's 2025 reporting, venture capital investment across the Middle East and North Africa reached approximately USD 3.8 billion through 688 transactions, representing an increase of approximately 74 percent compared with the preceding year. The same regional reporting identifies the United Arab Emirates and Saudi Arabia as important venture capital markets. These figures demonstrate substantial regional investment activity and reinforce the relevance of examining corporate and financial regulatory frameworks. Nevertheless, aggregate regional

[58] Emad Abdel Rahim Dahiyat, 'The Legal Recognition of Online Brokerage in UAE: Is a Conceptual Rethink Imperative?', *Information & Communications Technology Law*, 25.2 (2016), 173–89 https://doi.org/10.1080/13600834.2016.1184455

[59] Christoph Wronka, 'Crypto-Asset Regulatory Landscape: A Comparative Analysis of the Crypto-Asset Regulation in the UK and Germany', *Journal of Asset Management*, 25.4 (2024), 417–26 https://doi.org/10.1057/s41260-024-00358-z

[60] Suzanna ElMassah and Mahmoud Elrefai, 'Financing Transition in a Hydrocarbon Economy: The UAE Case', *Sustainability*, 18.15 (2026), 7792 https://doi.org/10.3390/su18157792

investment data cannot establish the effectiveness of particular statutory provisions in Jordan or the United Arab Emirates. Funding volumes reflect multiple economic factors, including investor preferences, market conditions, entrepreneurial opportunities, and financial liquidity.[61]

MAGNiTT's reporting for the first nine months of 2026 further indicates that the United Arab Emirates and Saudi Arabia collectively accounted for approximately 89 percent of venture capital funding across the Middle East and North Africa during that period. This concentration suggests that regional venture capital activity remains unevenly distributed. However, the combined percentage does not identify the individual contribution of either jurisdiction and should not be interpreted as the United Arab Emirates' independent market share. Moreover, the regional distribution of investment does not establish that differences in company legislation caused differences in funding performance. A reliable causal assessment would require comparable national data concerning company registrations, investment fund authorizations, establishment costs, and investment transactions.[62]

Venture capital funds operating within financial free zones may adopt partnership structures that distinguish general partners from limited partners. General partners generally exercise investment management authority, while limited partners contribute financial resources and exercise contractual rights under the applicable partnership arrangements. This structure may facilitate investment decisions by concentrating operational responsibility within a designated management entity. However, it may also create conflicts between managerial discretion and investor expectations. Limited partners may encounter difficulties monitoring investment performance, evaluating managerial decisions, or identifying conflicts of interest. Appropriate contractual safeguards should therefore establish disclosure obligations, investment restrictions, oversight procedures, and enforceable remedies. These mechanisms strengthen investor protection while preserving the flexibility necessary for venture capital activities.[63]

Federal Decree Law Number 37 of 2022 concerning Family Businesses also forms part of the broader Emirati corporate framework. However, its relevance to venture capital formation depends on whether a particular investment arrangement involves a family business structure or a legally relevant investment relationship. Family businesses may participate in venture capital financing as

[61] Habib Ahmed and Dalal Aassouli, 'Entrepreneurial Finance, Agency Problems and Islamic Ethics: Complementarities and Constraints', *Venture Capital*, 24.1 (2022), 25–46 https://doi.org/10.1080/13691066.2022.2067017

[62] Giang Nguyen and Vinh Vo, 'Asset Liquidity and Venture Capital Investment', *Journal of Corporate Finance*, 69 (2021), 101963 https://doi.org/10.1016/j.jcorpfin.2021.101963

[63] Emad Abdel Rahim Dahiyat, 'A Legal Framework for Online Commercial Arbitration in UAE: New Fabric but Old Style!', *Information & Communications Technology Law*, 26.3 (2017), 272–92 https://doi.org/10.1080/13600834.2017.1374055

investors or investment recipients, but the legislation does not constitute a general regulatory instrument governing venture capital companies. Its application therefore requires a demonstrable connection with the corporate arrangement under examination. This distinction reinforces the importance of identifying the specific legal functions of company legislation, specialized financial regulation, and contractual governance.[64]

The comparison reveals different approaches to corporate classification and institutional accessibility. Jordan establishes express statutory recognition and a defined partnership structure, whereas the United Arab Emirates accommodates venture capital activities through multiple corporate and financial regulatory arrangements. Jordan's specialized framework may clarify organizational identity and partner liability, but mandatory structural requirements may limit flexibility where investors seek alternative governance arrangements. The Emirati framework may provide broader organizational choices, although investors must navigate different incorporation and financial authorization procedures. Neither approach necessarily guarantees superior regulatory effectiveness. Legal certainty depends on the clarity, accessibility, and consistency of the applicable rules rather than the number of statutes or regulatory authorities involved.[65]

The findings identify three principal regulatory considerations. *First*, legislative certainty requires clear distinctions among venture capital companies, investment funds, and investment managers because these entities perform different legal and economic functions. *Second*, institutional accessibility depends on transparent incorporation procedures, proportionate licensing obligations, and identifiable supervisory responsibilities. *Third*, investor protection requires enforceable contractual arrangements, appropriate managerial accountability, and effective dispute resolution mechanisms. These considerations demonstrate that regulatory fragmentation becomes problematic when legal provisions create conflicting obligations or leave essential institutional responsibilities unclear, rather than merely because multiple authorities regulate investment activities.[66]

The comparative findings support a functional approach to regulatory development. Jordan should assess whether its specialized venture capital provisions provide sufficient flexibility concerning management arrangements, capital commitments, investment eligibility, and investor oversight. The United

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[64] Giang Nguyen Phu, Tam Hoang Thi and Hien Tran Nguyen Bich, 'The Impact of Cloud Computing Technology on Cloud Accounting Adoption and Financial Management of Businesses', *Humanities and Social Sciences Communications*, 12.1 (2025), 851 https://doi.org/10.1057/s41599-025-05190-3

[65] Chuan Ding and Da-Hai Li, 'Angel Capitalists Exit Decisions under Information Asymmetry: IPO or Acquisitions', *Journal of Industrial & Management Optimization*, 17.1 (2021), 369–92 https://doi.org/10.3934/jimo.2019116

[66] Hossein Kazemi, 'Editor's Letter', *The Journal of Alternative Investments*, 24.2 (2021), 1–3 https://doi.org/10.3905/jai.2021.24.2.001

Arab Emirates should continue clarifying the distinction between corporate incorporation and financial authorization across its regulatory jurisdictions. Both countries may benefit from accessible guidance concerning ownership arrangements, managerial responsibilities, investment restrictions, and lawful exit mechanisms. Nevertheless, legislative amendments should respond to identifiable legal deficiencies rather than presumed weaknesses. The principal contribution of this analysis lies in demonstrating that effective venture capital formation depends on coherent interaction among company legislation, specialized financial regulation, contractual governance, and institutional supervision. Coordinating these elements can strengthen legal certainty, protect investors, and support entrepreneurial financing while maintaining the safeguards necessary for sustainable investment development.[67]

Administrative and Institutional Barriers to Venture Capital Company Establishment

The establishment of venture capital companies requires effective coordination among corporate registration authorities, financial regulators, and institutions responsible for investment facilitation. Although venture capital provides essential financing for entrepreneurial enterprises, administrative requirements determine whether investors can establish appropriate corporate structures and undertake investment activities within a predictable legal environment. Jordan and the United Arab Emirates adopt different institutional approaches to venture capital formation. Jordan establishes specialized corporate requirements within its Companies Law, whereas the United Arab Emirates provides several incorporation and authorization pathways through mainland jurisdictions and financial free zones. These differences raise important questions concerning regulatory accessibility, institutional competence, and the relationship between corporate establishment and financial authorization. The principal legal challenge concerns whether administrative procedures impose proportionate obligations or create unnecessary complexity that discourages investment participation.[68]

Capital requirements constitute an important component of venture capital regulation because they establish the financial commitments necessary for corporate participation and institutional operation. Venture capital companies invest in entrepreneurial enterprises that frequently encounter technological uncertainty, limited market access, and unpredictable financial performance. The importance of financial governance and investment oversight in venture capital

[67] Jeneba Joy Tucker and others, 'Enhancing Investor Trust Through Sustainable Finance: The Moderating Effects of Regulatory Quality and Economic Policy Uncertainty Among Non-Financial Institutions Listed on the London Stock Exchange', *Sustainability*, 18.11 (2026), 5700 https://doi.org/10.3390/su18115700

[68] Xianxian Xu, Luyao Tan and Jinlong Zhao, 'Sustainable Finance and Renewable Energy Investment as Dual Drivers of Economic Growth and Environmental Sustainability in the European Union', *Research in Economics*, 79.4 (2025), 101065 https://doi.org/10.1016/j.rie.2025.101065

relationships. However, commercial investment capacity differs from statutory capital requirements. Investment capacity concerns the resources available for financing entrepreneurial activities, whereas statutory capital requirements determine the financial conditions that investors must satisfy to establish or operate particular legal entities. Distinguishing these concepts enables a more accurate assessment of whether financial thresholds promote institutional stability or unnecessarily restrict company formation.[69]

Jordan's Companies Law Number 22 of 1997, as amended by Law Number 20 of 2023, establishes specific capital requirements for venture capital companies. Article 79 distinguishes committed capital from paid capital and provides for capital division into shares with a nominal value of at least one Jordanian dinar. The statutory requirements identified in the research materials establish a minimum paid capital contribution of JOD 50,000 for financing partners and a minimum contribution of JOD 1,000 for managing partners. The provision also requires cash contributions. These requirements establish identifiable financial obligations for participating investors and provide a legal foundation for evaluating capital commitments. Nevertheless, their current application requires examination alongside Venture Capital Companies Regulation Number 143 of 2018 and relevant subsequent amendments. The regulatory significance of these thresholds depends on whether they accommodate different investment structures without imposing disproportionate financial barriers.[70]

The distinction between committed and paid capital has particular importance for venture capital financing. Committed capital represents the financial resources that investors undertake to provide, while paid capital identifies contributions already transferred to the company. Venture capital entities frequently allocate investment resources through successive financing rounds rather than immediately investing their entire capital. Consequently, regulations that distinguish these financial categories can facilitate investment planning and protect creditors by clarifying the financial obligations of participating partners. However, minimum contribution requirements may discourage smaller investors when statutory thresholds exceed their available resources. The JOD 50,000 requirement may create an entry barrier for certain financing partners, although its actual economic effect depends on the number of investors, the intended investment strategy, and the availability of alternative corporate arrangements.

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[69] Jürgen Lange, Stefan Rezepa and Monika Zatrochová, 'The Role of Business Angels in the Early-Stage Financing of Startups: A Systematic Literature Review', *Administrative Sciences*, 14.10 (2024), 247 https://doi.org/10.3390/admsci14100247

[70] Iris H-Y Chiu, 'An Institutional Account of Responsiveness in Financial Regulation- Examining the Fallacy and Limits of "Same Activity, Same Risks, Same Rules" as the Answer to Financial Innovation and Regulatory Arbitrage', *Computer Law & Security Review*, 51 (2023), 105868 https://doi.org/10.1016/j.clsr.2023.105868

The proportionality of capital requirements therefore deserves critical examination. Minimum financial contributions may protect institutional credibility and discourage inadequately capitalized investment arrangements. Nevertheless, uniform thresholds may fail to accommodate differences among companies investing proprietary resources, entities pooling investment capital, and professional managers administering funds on behalf of investors. These structures involve distinct financial risks and governance responsibilities. Jordanian regulators should therefore assess whether existing capital requirements adequately reflect the legal characteristics of each investment model. Such an assessment should consider whether differentiated thresholds could facilitate participation without undermining financial stability, creditor protection, or institutional accountability.[71]

The Companies Control Department performs a central administrative function in Jordan's corporate registration framework. It administers company establishment procedures and maintains corporate records according to applicable legislation. Investors seeking to establish venture capital companies must submit the required organizational documents and satisfy the relevant registration conditions. These procedures concern the identification of partners, verification of capital commitments, determination of authorized representatives, and examination of corporate governance arrangements. Effective administration requires clear documentary requirements, accessible registration information, and predictable institutional decisions. However, the existence of a centralized registration authority does not independently establish procedural efficiency. Evaluating administrative performance requires evidence concerning processing periods, application outcomes, and the costs associated with completing registration requirements.[72]

Jordan's Ministry of Investment performs a complementary function through investment facilitation and the administration of relevant provisions under Investment Environment Law Number 21 of 2022. Its institutional responsibilities differ from those of the Companies Control Department because investment facilitation does not necessarily involve direct authority over every corporate registration decision. This distinction illustrates the importance of allocating administrative responsibilities according to statutory competence. Investors may interact with corporate registration authorities, investment institutions, tax administrators, and financial regulators during the establishment process. Such institutional diversity does not necessarily constitute overlapping jurisdiction.

[71] R. Bianchini and A. Croce, 'The Role of Environmental Policies in Promoting Venture Capital Investments in Cleantech Companies', *Review of Corporate Finance*, 2.3 (2022), 587–616 https://doi.org/10.1561/114.00000024

[72] Yousef Aljaloudi and Moawiah Alnsour, 'Stimulating Public Infrastructure Investments Through Privately Financed Projects: A Case of BOT Contracts for Water Sector in Jordan', *Public Works Management & Policy*, 31.4 (2026), 479–514 https://doi.org/10.1177/1087724X261435953

Administrative difficulties arise when authorities impose duplicative requirements, provide inconsistent guidance, or fail to clarify their respective responsibilities. Effective coordination should therefore establish transparent institutional procedures without unnecessarily consolidating distinct regulatory functions.[73]

The Jordan Securities Commission may exercise regulatory authority where venture capital activities involve securities transactions or investment arrangements falling within its statutory competence. However, ordinary corporate establishment does not automatically require authorization from the securities regulator. The applicable obligations depend on the legal structure of the entity and the nature of its financial activities. Investors must therefore distinguish corporate registration from authorization to conduct regulated investment services. This distinction protects ordinary corporate investment activities from inappropriate regulatory burdens while preserving financial supervision where legislation requires it. Regulatory certainty depends on whether investors can identify the circumstances that trigger additional authorization obligations and the institution responsible for administering them.[74]

Jordanian legislation also establishes obligations concerning the distribution of investment proceeds and the protection of creditors. The provisions discussed in the research materials require managing partners to consider the company's ability to satisfy financial obligations following distributions. These requirements seek to balance investors' interests in receiving returns with the protection of creditors and institutional financial stability. Venture capital companies must therefore maintain reliable financial records and appropriate procedures for determining distributable proceeds. However, the effectiveness of these safeguards depends on clear statutory interpretation and competent financial management. Regulatory obligations should establish identifiable standards without unnecessarily restricting lawful investment distributions.[75]

Investment concentration requirements introduce further compliance considerations. The research materials identify Article 85 of the Jordanian Companies Law as regulating investments in listed companies, portfolio concentration, and ownership participation. The provision reportedly restricts investment in publicly traded securities, limits investment in a single enterprise to 20 percent of committed capital, and establishes a 51 percent ownership threshold

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[73] Franziska Cooiman, 'Imprinting the Economy: The Structural Power of Venture Capital', *Environment and Planning A: Economy and Space*, 56.2 (2024), 586–602 https://doi.org/10.1177/0308518X221136559

[74] Nurhadhinah Nadiah Ridzuan and others, 'AI in the Financial Sector: The Line between Innovation, Regulation and Ethical Responsibility', *Information*, 15.8 (2024), 432 https://doi.org/10.3390/info15080432

[75] David A. Blum, 'Factors Contributing To Independent Venture Capital Successful Exits', *Journal of Business & Economics Research (JBER)*, 13.1 (2015), 1 https://doi.org/10.19030/jber.v13i1.9074

during a specified period. These requirements may encourage investment diversification and prevent excessive concentration of financial resources. However, their current legal scope and applicable exceptions require verification against authoritative legislation. Their regulatory effectiveness depends on whether they promote prudent investment management without preventing legitimate financing arrangements that require substantial capital participation.[76]

The United Arab Emirates employs a more differentiated institutional framework for corporate establishment and investment authorization. Federal Decree Law Number 32 of 2021 concerning Commercial Companies establishes general corporate requirements, while specialized financial regulations govern investment activities within their respective jurisdictions. Investors may establish entities through mainland registration authorities, ordinary free zones, or financial free zones. Each pathway involves distinct administrative arrangements, licensing requirements, and supervisory responsibilities. Consequently, investors must determine whether their intended activities require only corporate incorporation or additional financial authorization. This distinction represents a central consideration in evaluating administrative complexity because a legally incorporated company does not automatically possess authority to manage investment funds or provide regulated financial services.[77]

The UAE Ministry of Economy and Tourism performs relevant functions within the federal corporate and economic regulatory framework, while competent local authorities and free zone regulators administer particular establishment and licensing procedures. The Securities and Commodities Authority exercises financial regulatory responsibilities within the applicable federal framework. These institutions operate alongside the specialized financial regulators of the Dubai International Financial Centre and Abu Dhabi Global Market. Their respective powers concern different corporate activities, financial services, and regulatory jurisdictions. Consequently, the existence of multiple authorities does not necessarily demonstrate institutional duplication. A valid assessment must identify whether their legal competences overlap in practice or merely reflect differentiated regulatory responsibilities.[78]

Within the Dubai International Financial Centre, the Dubai Financial Services Authority supervises regulated financial activities and investment fund operations. Its regulatory framework distinguishes corporate establishment from authorization to undertake particular financial services. Published fee

[76] Devyani Thapliyal and others, 'Current Status of Sustainable Food Packaging Regulations: Global Perspective', *Sustainability*, 16.13 (2024), 5554 https://doi.org/10.3390/su16135554
[77] Nguyen Phu, Hoang Thi and Tran Nguyen Bich.
[78] Gabriel Bădescu and others, 'Preventive and Restorative Academic Integrity in AI-Assisted Higher Education: A Critical Conceptual Synthesis and Integrated Governance Framework', *Education Sciences*, 16.9 (2026), 1365 https://doi.org/10.3390/educsci16091365

arrangements identify an application fee of USD 2,000 and an annual authorization fee of USD 2,000 for managers exclusively operating venture capital funds. The framework also identifies an annual fee of USD 1,000 for venture capital funds within the relevant regulatory category. These amounts demonstrate that specialized regulatory provisions establish identifiable authorization costs. Nevertheless, they do not represent the total cost of establishing a venture capital entity. Investors may incur additional expenses involving corporate registration, professional services, operational facilities, and continuing compliance obligations. Consequently, regulatory fee comparisons must distinguish official authorization charges from total establishment expenditure.[79]

The Abu Dhabi Global Market provides another specialized regulatory environment through its corporate registration framework and the Financial Services Regulatory Authority. The authority supervises relevant financial activities according to applicable financial regulations. Amendments announced in September 2026 introduced changes concerning aspects of fund management and established transitional arrangements extending into March 2027. These developments indicate continuing regulatory adaptation to investment market requirements. However, legislative or administrative amendments do not independently demonstrate improvements in procedural efficiency. Evaluating their effectiveness requires evidence concerning authorization outcomes, regulatory compliance, and institutional implementation following their introduction.[80]

The comparison of capital requirements between Jordan and the United Arab Emirates requires careful attention to differences in corporate classification. Jordan's specialized venture capital provisions establish financial commitments associated with managing and financing partners. In the United Arab Emirates, applicable financial requirements depend on whether investors establish an ordinary investment company, an investment fund, or an authorized fund manager. Regulatory capital requirements applicable to financial service providers serve different purposes from capital contributions made by investment participants. Consequently, comparing these amounts without identifying equivalent legal structures may produce misleading conclusions concerning regulatory restrictiveness. A functional comparison must examine the purpose, scope, and legal consequences of each requirement before evaluating its proportionality.

Continuing compliance obligations also influence the accessibility of venture capital formation. Investment entities may need to maintain financial records,

[79] ElMassah and Elrefai.
[80] Alejandro Carballo, 'The Law of the Dubai International Financial Centre: Common Law Oasis or Mirage Within the UAE?', *Arab Law Quarterly*, 21.1 (2007), 91–104 https://doi.org/10.1163/026805507X197848

disclose relevant information, manage conflicts of interest, and satisfy applicable reporting requirements. These obligations protect investors and support institutional accountability, but they also generate administrative expenditure. Smaller entities may experience greater proportional burdens when compliance costs represent a substantial share of their available resources. Nevertheless, financial supervision remains necessary where entities manage investment resources or undertake regulated activities. Regulatory development should therefore establish obligations proportionate to the nature, scale, and complexity of the relevant investment model rather than eliminate safeguards intended to protect investors.[81]

Procedural transparency provides another important criterion for evaluating institutional efficiency. Investors require accessible information concerning registration documents, competent authorities, authorization conditions, applicable fees, and continuing obligations. Clear administrative guidance can reduce uncertainty and enable investors to estimate establishment costs before committing capital. Jordan's centralized corporate registration system may facilitate identification of the principal registration authority, while the United Arab Emirates provides several establishment pathways that accommodate different investment arrangements. However, these institutional differences do not establish which jurisdiction operates more efficiently. A reliable comparison requires official evidence concerning processing periods, administrative expenditure, application outcomes, and investor experiences.[82]

Foreign investor accessibility also depends on the relationship between corporate ownership rules and investment authorization. The United Arab Emirates permits foreign ownership in many commercial activities, subject to applicable statutory restrictions and regulatory requirements. Jordan's investment legislation similarly provides mechanisms intended to facilitate qualifying investment activities. Nevertheless, the legal conditions governing foreign participation differ according to the relevant corporate structure, economic activity, and regulatory jurisdiction. The analysis should therefore avoid treating general foreign investment policies as proof that all venture capital activities enjoy unrestricted market access. Legal certainty requires clear identification of the

[81] Georgiana Burlacu, Ioan-Bogdan Robu and Ionela Munteanu, 'Exploring the Influence of Earnings Management on the Value Relevance of Financial Statements: Evidence from the Bucharest Stock Exchange', *International Journal of Financial Studies*, 12.3 (2024), 72 https://doi.org/10.3390/ijfs12030072

[82] Paul Stephenson, 'Exploring the Throughput Legitimacy of European Union Policy Evaluation: Challenges to Transparency and Inclusiveness in the European Commission's Consultation Procedures and the Implications for Risk Regulation', *European Journal of Risk Regulation*, 14.2 (2023), 351–70 https://doi.org/10.1017/err.2023.33

conditions applicable to domestic and foreign investors within each investment model.[83]

The comparative findings identify three principal sources of administrative complexity. *First*, statutory requirements may restrict institutional accessibility where mandatory capital contributions, corporate structures, or investment limitations fail to accommodate different venture capital models. *Second*, institutional coordination may become problematic when corporate registration, investment facilitation, financial authorization, and supervision involve inconsistent or duplicative procedures. *Third*, regulatory uncertainty may arise when investors cannot distinguish ordinary company incorporation from authorization to manage investment funds or provide regulated financial services. Each problem requires a different regulatory response. Statutory restrictions may justify legislative evaluation, institutional duplication may require administrative coordination, and unclear authorization requirements may require more accessible regulatory guidance.[84]

These a comparative administrative framework based on institutional competence, regulatory proportionality, procedural transparency, and investment accessibility. Jordan should evaluate whether its specialized capital and organizational requirements accommodate different venture capital structures while maintaining appropriate financial safeguards. The United Arab Emirates should ensure that investors can identify the applicable incorporation and financial authorization procedures across mainland jurisdictions and financial free zones. Both countries may strengthen administrative efficiency through transparent regulatory guidance, clearly allocated institutional responsibilities, and proportionate compliance obligations. However, the available legal materials do not establish that either jurisdiction experiences systematically longer registration periods or higher total establishment costs. Such conclusions require additional administrative and empirical evidence.[85]

The analysis lies in distinguishing corporate establishment, authorization of regulated investment activities, and continuing institutional supervision as separate dimensions of venture capital regulation. These dimensions pursue different legal objectives and should not automatically generate identical administrative obligations. Effective regulatory coordination requires clear institutional authority, accessible procedures, and financial requirements

[83] Šárka Laboutková and Petr Vymětal, 'A Black Box Assessment of Institutional Quality: The Challenge of Evaluating Lobbying Transparency', *Policy Studies*, 44.3 (2023), 336–55 https://doi.org/10.1080/01442872.2022.2053092

[84] Yujie Weng, 'Risk Analysis and Management Strategies for Entrepreneurial Investment', *Frontiers in Business, Economics and Management*, 15.3 (2024), 160–64 https://doi.org/10.54097/ywyd4t87

[85] Monica Giancotti, Giorgia Rotundo and Marianna Mauro, 'Factors Affecting Judicial System Efficiency: A Systematic Mapping Review with a Focus on Italy', *International Journal of Productivity and Performance Management*, 73.9 (2024), 2951–71 https://doi.org/10.1108/IJPPM-05-2023-0215

appropriate to the relevant investment structure. By distinguishing statutory limitations from institutional complexity and financial authorization, Jordan and the United Arab Emirates can strengthen legal certainty, protect investors, and facilitate venture capital formation while maintaining the regulatory safeguards necessary for sustainable entrepreneurial development.

Investor Protection and Regulatory Harmonization for Sustainable Venture Capital Development

Investor protection occupies a central position in venture capital regulation because investors allocate financial resources to emerging enterprises whose profitability and commercial sustainability remain uncertain.[86] Unlike conventional financing arrangements, venture capital investments frequently support enterprises with limited operating histories, insufficient tangible assets, and business models that depend on technological innovation or market expansion.[87] These characteristics expose investors to financial losses, information asymmetry, managerial conflicts, and difficulties in recovering invested capital. Effective regulation must therefore establish a balance between contractual autonomy, institutional accountability, and financial safeguards. Jordan and the United Arab Emirates have adopted different legal arrangements governing venture capital activities, but both jurisdictions face the challenge of protecting investment participants without imposing unnecessary restrictions on entrepreneurial financing. The principal legal issue concerns whether existing corporate and financial regulations provide sufficiently clear rights, enforceable obligations, and accessible remedies for investors and entrepreneurial enterprises.[88]

The legal classification of investment participants determines the allocation of managerial authority, financial responsibility, and contractual protection. Venture capital arrangements generally distinguish investors who contribute financial resources from managers who select investments, supervise portfolio companies, and determine investment strategies.[89] This separation facilitates professional investment management but may generate conflicts between managerial discretion and investor expectations. Managers may pursue investment decisions

[86] Siying Yang and others, 'The Effect of Venture Capital on Green Innovation: Is Environmental Regulation an Institutional Guarantee?', *Journal of Environmental Management*, 318 (2022), 115641 https://doi.org/10.1016/j.jenvman.2022.115641

[87] Max Beinke and others, 'Breaking the Chains of Traditional Finance: A Taxonomy of Decentralized Finance Business Models', *Electronic Markets*, 34.1 (2024), 29 https://doi.org/10.1007/s12525-024-00704-4

[88] Gayane Mkrtchyan and Horst Treiblmaier, 'Business Implications and Theoretical Integration of the Markets in Crypto-Assets (MiCA) Regulation', *FinTech*, 4.2 (2025), 11 https://doi.org/10.3390/fintech4020011

[89] Meike Siefkes, Øyvind Bjørgum and Roger Sørheim, 'Business Angels Investing in Green Ventures: How Do They Add Value to Their Start-Ups?', *Venture Capital*, 27.1 (2025), 79–108 https://doi.org/10.1080/13691066.2023.2260101

that advance their institutional interests without adequately considering the financial preferences of participating investors. Conversely, excessive investor intervention may restrict managerial independence and complicate commercial decision making. Effective regulation must therefore establish transparent governance arrangements, clearly defined responsibilities, and enforceable contractual safeguards. These mechanisms should enable investors to monitor managerial conduct while preserving the operational flexibility necessary for financing emerging enterprises.[90]

Jordan's Companies Law Number 22 of 1997, together with its amendments and implementing regulations, provides a specialized framework for venture capital companies.[91] Article 80 distinguishes managing partners from financing partners and allocates their responsibilities according to their respective legal positions.[92] Managing partners exercise operational authority and assume responsibility for company obligations under the applicable statutory provisions. Financing partners contribute capital without participating in ordinary management activities and generally limit their financial exposure to their investment commitments. This arrangement facilitates the organization of venture capital financing but also creates differences in access to information and managerial influence. Financing partners depend on managing partners to evaluate investment opportunities, supervise portfolio companies, and determine appropriate exit arrangements. Consequently, legal protection must extend beyond limitations on financial liability to include appropriate mechanisms for examining managerial conduct and addressing unauthorized decisions.[93]

Article 78 of Jordan's Companies Law establishes a contractual foundation by requiring partners to conclude a written agreement governing their organizational relationships.[94] The agreement may regulate investment objectives, capital contributions, voting procedures, managerial responsibilities, and dispute resolution arrangements, subject to applicable statutory requirements. Contractual

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[90] Lin Lin, 'Private Equity and Venture Capital: A Critical Assessment of Their Growth and Self-Regulation', in *Research Handbook on Global Capital Markets Law* (Edward Elgar Publishing, 2023), pp. 58–76 https://doi.org/10.4337/9781800379305.00011

[91] Nasir Albalawee and Amjed Al Fahoum, 'A Novel Legal Analysis of Jordanian Corporate Governance Legislation in the Age of Artificial Intelligence', *Cogent Business & Management*, 11.1 (2024) https://doi.org/10.1080/23311975.2023.2297465

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autonomy enables investors to establish governance procedures that reflect their financial commitments and investment expectations.[95] Nevertheless, contractual agreements cannot independently eliminate information asymmetry between managing and financing partners. Effective protection requires access to reliable financial information and appropriate mechanisms for reviewing investment decisions. Partnership agreements should therefore establish periodic reporting obligations, access to relevant financial records, disclosure of conflicts of interest, and procedures for approving transactions involving affiliated entities. These safeguards can strengthen institutional accountability without undermining the legal distinction between management and financing functions.[96]

Managerial liability constitutes another important consideration in protecting financing partners. Jordan's specialized venture capital structure assigns broader responsibility for company obligations to managing partners than to financing partners. This arrangement provides creditors with additional legal protection but does not necessarily prevent inappropriate investment decisions, managerial negligence, or conflicts of interest. A managing partner may satisfy formal liability requirements while exercising insufficient care in selecting investments or supervising financial activities. Consequently, legal analysis must distinguish liability for corporate debts from responsibility arising from unauthorized transactions, contractual violations, or misconduct. A coherent regulatory framework should clarify the circumstances under which financing partners may request financial disclosure, challenge decisions exceeding managerial authority, or pursue available legal remedies. Such differentiation strengthens legal certainty by connecting responsibility with identifiable statutory and contractual obligations.[97]

The protection of entrepreneurial enterprises receiving venture capital financing also requires attention. Venture capital investors may negotiate ownership interests, voting rights, representation in corporate governance, and contractual restrictions intended to protect their financial commitments. Although these arrangements can reduce investment risks, they may create inequalities between investors possessing substantial financial resources and entrepreneurs seeking essential financing. Entrepreneurs may accept restrictive contractual conditions because they lack alternative sources of capital. Regulatory frameworks should therefore protect contractual fairness, intellectual property rights, and the

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legitimate interests of entrepreneurial founders without eliminating commercial bargaining. Appropriate safeguards should ensure that investment agreements clearly define ownership arrangements, management participation, disclosure obligations, and the consequences of contractual violations. These measures can strengthen the legal relationship between investors and portfolio companies while preserving the flexibility necessary for entrepreneurial development.[98]

The United Arab Emirates provides a different institutional framework for investor protection through general corporate legislation and specialized financial regulation. Federal Decree Law Number 32 of 2021 concerning Commercial Companies establishes governance requirements applicable to relevant corporate structures, while specialized regulatory systems govern particular investment activities. Within the Dubai International Financial Centre, the Dubai Financial Services Authority supervises regulated financial services and establishes requirements concerning investment management, disclosure, and fund governance. The Financial Services Regulatory Authority performs corresponding supervisory functions within the Abu Dhabi Global Market. These arrangements demonstrate that investor protection may arise through several complementary legal instruments rather than a single comprehensive venture capital statute. Nevertheless, investors must identify the provisions applicable to their investment structure, authorized activities, and regulatory jurisdiction.[99]

Venture capital funds operating within the Dubai International Financial Centre or Abu Dhabi Global Market may employ partnership arrangements that distinguish general partners from limited partners. General partners generally exercise investment management authority, while limited partners contribute financial resources and exercise rights under the applicable partnership agreements. This structure facilitates professional management but creates potential conflicts when managerial decisions diverge from investor expectations. Regulatory safeguards may address these concerns through financial disclosure, restrictions on conflicts of interest, governance procedures, and reporting obligations. However, the applicable requirements depend on the legal classification and authorization conditions of each investment entity. The analysis must therefore distinguish general principles of investor protection from specific

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statutory obligations imposed on particular categories of investment funds and fund managers.[100]

Financial transparency provides an essential foundation for effective venture capital governance. Investors require accurate information concerning capital commitments, investment expenditure, portfolio performance, management fees, and potential conflicts of interest. Inadequate disclosure may prevent investors from evaluating financial risks or identifying unauthorized transactions. Conversely, excessive reporting requirements may impose disproportionate administrative costs on smaller investment entities. A coherent regulatory framework should therefore establish disclosure obligations according to the nature, scale, and complexity of investment activities. Periodic financial statements, investment reports, and appropriate independent verification can strengthen accountability when competent authorities apply these requirements consistently with the relevant statutory framework. Financial transparency should enable investors to evaluate managerial performance without unnecessarily disclosing commercially sensitive information.[101]

Minority investor protection also influences legal certainty in venture capital financing. Emerging enterprises frequently obtain investment through successive financing rounds that introduce additional shareholders and alter existing ownership arrangements.[102] These transactions may affect voting rights, dilute ownership interests, and influence the distribution of future investment returns. Investors may negotiate contractual safeguards concerning additional share issuance, preferential participation, access to information, and restrictions on significant corporate transactions. However, the enforceability of these provisions depends on applicable company legislation and the legal characteristics of the relevant ownership structure. Jordanian and Emirati regulatory frameworks should therefore accommodate appropriate contractual protections while preserving the legitimate rights of existing shareholders and entrepreneurial founders. Clear rules concerning ownership changes and corporate decision

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making can reduce disputes and strengthen confidence in venture capital transactions.[103]

Investment exit arrangements represent another important component of investor protection because venture capital returns frequently depend on the eventual disposal of ownership interests. Investors may realize returns through acquisitions, share transfers, corporate restructuring, or public offerings where applicable legislation permits such transactions. However, commercial uncertainty makes it difficult to determine an appropriate exit period at the beginning of an investment. Mandatory investment periods may therefore restrict contractual flexibility without necessarily strengthening investor protection. More important legal considerations concern the enforceability of exit provisions, restrictions on ownership transfers, valuation procedures, and mechanisms for resolving disagreements. A predictable regulatory framework should enable parties to negotiate appropriate exit arrangements while preventing unauthorized transactions that unlawfully prejudice other investment participants.[104]

Dispute resolution mechanisms further strengthen legal certainty by providing procedures for addressing disagreements concerning capital contributions, managerial authority, financial disclosure, shareholder rights, and investment valuations. Jordanian legislation recognizes contractual arbitration arrangements under the applicable legal framework, while the United Arab Emirates provides judicial and arbitral mechanisms according to the relevant jurisdiction and agreement. Investors must determine the competent forum, applicable law, and enforceability of decisions before entering investment relationships. Uncertainty concerning dispute resolution may increase transaction costs and discourage investment participation. Nevertheless, the availability of arbitration does not independently guarantee effective remedies. Procedural accessibility, institutional competence, enforcement mechanisms, and the suitability of the selected forum determine whether dispute resolution arrangements adequately protect investment interests.[105]

Institutional coordination also contributes to effective investor protection. In Jordan, the Companies Control Department administers corporate registration functions, while the Ministry of Investment exercises responsibilities concerning investment facilitation and the broader investment environment. The Jordan

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[105] Muhammad Abid Hussain JILLANI, Ahmad Ali GHOURI and Ximei WU, 'Institutional Design for an Appellate Mechanism in Investor-State Dispute Settlement', *Asian Journal of International Law*, 15.2 (2025), 325–55 https://doi.org/10.1017/S2044251325000098

Securities Commission may regulate activities falling within its statutory competence. These institutions perform different legal functions, but investors may encounter uncertainty when company registration, investment incentives, and financial authorization involve separate administrative procedures. Effective coordination should clarify institutional responsibilities and provide accessible information concerning applicable legal obligations. Such measures can strengthen regulatory predictability without requiring the consolidation of authorities that exercise distinct statutory functions.[106]

The United Arab Emirates faces comparable coordination challenges because its regulatory framework includes federal institutions, mainland licensing authorities, ordinary free zones, and financial free zones. The Securities and Commodities Authority exercises relevant responsibilities within the applicable federal framework, while the Dubai Financial Services Authority and Financial Services Regulatory Authority supervise regulated activities within their respective financial jurisdictions. This institutional diversity may facilitate specialized investment arrangements, but investors must distinguish corporate incorporation from authorization to undertake regulated financial activities. Regulatory harmonization should therefore prioritize procedural clarity, institutional cooperation, and consistent investor protection principles rather than complete uniformity among legally distinct jurisdictions. Effective coordination requires clear allocation of authority and accessible guidance concerning the obligations applicable to different investment structures.[107]

The relationship between investor protection and sustainable economic development also requires careful evaluation. Venture capital financing can support technological innovation, enterprise expansion, employment opportunities, and economic diversification. However, increased investment activity does not automatically generate sustainable economic outcomes. Venture capital may concentrate financial resources within particular industries or expose investors and entrepreneurial enterprises to substantial commercial uncertainty. Regulatory frameworks should therefore encourage responsible investment practices while preserving contractual flexibility and entrepreneurial initiative. Transparent financial management, enforceable investor rights, and effective institutional supervision can strengthen confidence in investment activities. Nevertheless, assessing their broader economic consequences requires empirical evidence beyond doctrinal legal analysis.[108]

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[107] jun Chen And Michael Ewens, 'Venture Capital And Startup Agglomeration', *The Journal Of Finance*, 80.4 (2025), 2153–98 Https://Doi.Org/10.1111/Jofi.13451

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The comparative findings identify three principal directions for regulatory development. *First,* Jordan and the United Arab Emirates should maintain clear legal distinctions among venture capital companies, investment funds, and professional investment managers because these entities perform different financial and organizational functions. *Second,* competent authorities should strengthen investor protection through proportionate disclosure obligations, appropriate managerial accountability, and enforceable contractual safeguards. *Third,* institutional coordination should clarify registration procedures, financial authorization requirements, and dispute resolution mechanisms. These measures address different sources of regulatory uncertainty and provide a foundation for improving legal coherence without imposing unnecessary administrative burdens. Institutional accountability requires competent supervisory authorities, appropriate financial reporting, and proportionate compliance obligations. Contractual protection requires enforceable agreements governing capital commitments, managerial authority, investor rights, conflicts of interest, and investment exits. The interaction among these elements provides a comprehensive basis for evaluating venture capital regulation beyond the existence of specialized statutory provisions. The model therefore connects the legal requirements for establishing investment entities with the governance mechanisms necessary to protect participants throughout their investment relationships.[109]

The corporate establishment from the continuing legal responsibilities associated with investment management and investor protection. Jordan's specialized corporate provisions provide a foundation for defining partner categories and organizational responsibilities, while the Emirati framework demonstrates how general company legislation and specialized financial regulation may accommodate different investment structures. Neither approach necessarily provides a universally superior regulatory model. Their effectiveness depends on the coherence of applicable legislation, the accessibility of administrative procedures, and the enforceability of contractual safeguards. This comparative perspective supports regulatory development based on identifiable legal needs rather than assumptions concerning the superiority of particular institutional arrangements.[110]

Consequently, Jordan should examine whether its existing provisions provide financing partners with sufficient contractual flexibility, financial information, and remedies against unauthorized managerial conduct. The United Arab Emirates should maintain clear regulatory guidance concerning the relationship between

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corporate incorporation and financial authorization across its different jurisdictions. Both countries should strengthen financial transparency, institutional accountability, and accessible dispute resolution while preserving legitimate investment autonomy. These measures can improve investor confidence, facilitate entrepreneurial financing, and protect the interests of emerging enterprises. The proposed framework ultimately demonstrates that sustainable venture capital development requires coordinated legal regulation that combines investment accessibility with enforceable rights, responsible corporate governance, and effective institutional supervision.

Conclusion

This study demonstrates that venture capital development in Jordan and the United Arab Emirates depends on legal frameworks that reconcile investment accessibility, regulatory certainty, and investor protection. The comparative analysis establishes three principal findings. *First,* Jordan expressly recognizes venture capital companies through specialized corporate legislation but prescribes a partnership structure that may limit organizational flexibility and restrict alternative investment arrangements. In contrast, the United Arab Emirates permits venture capital activities through general company legislation and specialized financial regulatory frameworks. Although these arrangements provide greater organizational diversity, differences in authorization requirements may complicate regulatory compliance. *Second*, statutory capital requirements, incorporation procedures, institutional responsibilities, and financial authorization mechanisms create potential administrative barriers that require clearer regulatory guidance and effective institutional coordination. *Third,* both jurisdictions must strengthen investor protection through enforceable contractual rights, transparent financial reporting, managerial accountability, and accessible dispute resolution procedures. These findings contribute to legal scholarship by establishing an integrated regulatory model that connects legislative certainty, institutional efficiency, and contractual protection within a coherent framework for venture capital governance. Accordingly, Jordan should evaluate its prescribed organizational structure and expand contractual flexibility while preserving appropriate financial safeguards. The United Arab Emirates should clarify regulatory responsibilities and strengthen coordination among competent authorities without undermining the institutional advantages of specialized financial jurisdictions. Both countries should establish proportionate compliance requirements, transparent investment procedures, and enforceable mechanisms governing investor relationships and investment exits. These measures could strengthen investor confidence, facilitate entrepreneurial financing, and support technological innovation and sustainable economic development. Nevertheless, this study relies on normative and comparative legal analysis rather than empirical evaluation. Future research should examine official registration records, licensing outcomes, compliance expenditures, and investor experiences to

determine whether the proposed regulatory improvements enhance institutional accessibility and investment performance.

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