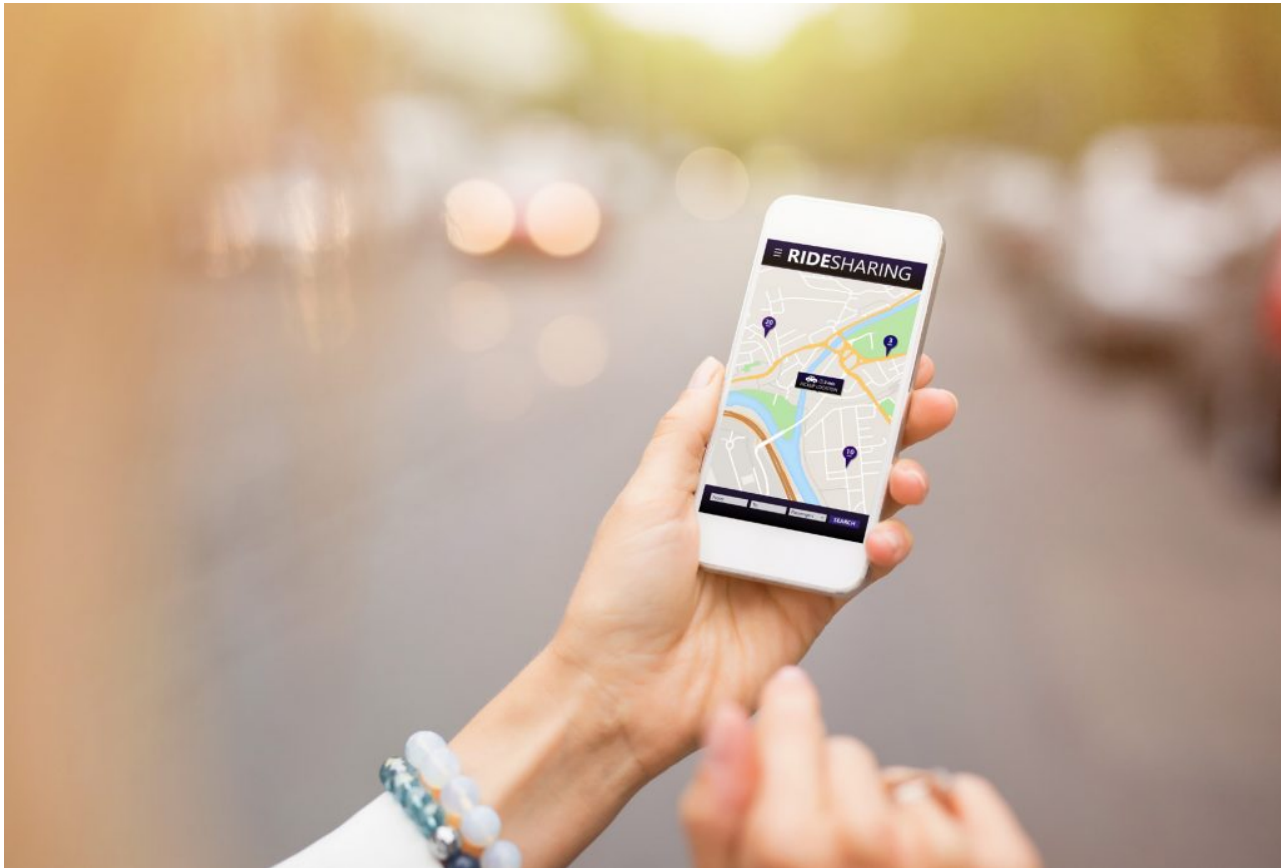


Ride Hailing Apps in Jordan

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In the wake of ride-hailing applications gaining popularity worldwide and across the region, Jordan's regulators have struggled to find appropriate measures to regulate the industry while safeguarding public transportation and maintaining healthy competition at a time where everyone has become heavily accustomed to procuring services at a touch of a button.

Previous legislative framework in Jordan governed the use of public transport vehicles through conventional means, and did not accommodate vehicles providing public transportation through electronic means, such as ride hailing applications.

Jordan has recently issued the Law Regulating the Transportation of Passengers No. 19 of 2017 ("The Passenger Transportation Law") which prohibits any natural or juristic person to provide services relating to the transportation of passengers without being registered and licensed with the Land Transport Regulatory Commission ("Commission"). The Commission shall issue the bases and instructions for registration and classification of the operators. Within this framework the Regulation Regulating the Transportation of Passengers through Smart Applications No. 9 of 2018 ("Smart Applications Regulation") and the Instructions Regulating the Transportation of Passengers through Smart Applications of 2018 ("Smart Applications Instruction") were issued to regulate and create a general legal framework which allows for the complete licensing and registration of ride-hailing applications.

For licensing purposes, an operator shall submit an application to the Commission, and the Commission is entitled to provide a preliminary approval for a period of 6 months commencing from the date of the application, which can be extended for an additional 3 months for valid reason. To finalise licensing, the Smart Applications Regulation and Smart Applications Instruction list requirements and specifications that

are applicable on the operator, vehicle and the service provider (being the driver of the vehicle) to be made available to the Commission within the abovementioned period(s). Failure to do so would deem the preliminary approval revoked.

The requirements and specifications for licensing shall include the following:

Operator

An operator is required to have transportation of passengers as one of its objectives upon registration, along with minimum share capital requirements. The recent legislative framework also requires the operator to provide bank guarantees, and enter into a standard operating agreement with the Commission.

The operator is obliged to procure an insurance policy for the number of vehicles operated, within a month from licensing, to cover damages incurred by any of the service's beneficiaries. Failure to maintain a valid insurance policy would deem the operator and its directors jointly and severally liable for damages incurred by the service's beneficiaries.

An operator's licence is valid for one year, renewable annually by the general manager 30 days prior to its expiry that all licensing requirements are met. Issuance or renewal of the operator's licence amounts to JOD 100,000 if it operates less than 3000 vehicles, and a further JOD 70 for each additional vehicle.

The licence may not be assigned or transferred (directly or indirectly) to any third party, and introducing a new partner or changing its location is prohibited unless approved by the Commission's general director.

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Vehicle

The Smart Applications Regulation and Smart Applications Instruction stipulate that each vehicle shall be duly licensed and insured with the relevant authorities as already required pursuant to applicable laws, and an additional insurance should also be procured for damages caused to the vehicle. It is required that the vehicle is either owned by the service provider (or a relative to a second degree), or operated pursuant to an employment contract with the service provider.

There are additional specifications stipulated under the Smart Applications Regulation and Smart Applications Instruction, including for example, the vehicles must be equipped with a global positioning system (GPS), in addition to a system of transportation charges (digitally or in cash).

Upon procuring all the necessary documentation (which shall include the contract entered into between the operator and the service provider, certified by the Commission), and compliance with the specifications and requirements under the Smart Applications Regulation and Smart Application Instruction, the operator shall apply to the Commission for a permit with respect to each vehicle. The permit issued by the Commission's general director will encompass information relating to the vehicle, the

service provider, the operator and the permit's duration.

The duration of the vehicle's permit is one year, which may be renewed by the service provider 30 days prior to its expiry provided that all requirements and specifications are met. A fee amounting to JOD 400 shall be payable to the Commission for each vehicle's permit upon its issuance or renewal, with the exception of permits for public transportation vehicles.

The vehicle's permit may not be transferred to any third party, and would be deemed revoked upon such transfer.

Service Provider

The service provider shall be a Jordanian national under 60 years of age with a valid driving license. A medical certificate evidencing adequate health should be procured from the relevant authorities, along with a certificate of non-criminal record.

The operator is obliged to provide all service providers with training courses for use of the GPS and communication systems, but must also revoke the service provider's access to the operator in the event the service provider's driving license, vehicle registration or permit have expired.

Rights of Commission

The Commission, pursuant to the Passenger Transportation Law and Smart Applications Regulation, retained rights in order govern the industry and activities of each operator. This includes the Commission's right to oversee an operator's performance and conduct inspections to ensure its compliance with relevant laws and regulations. Additionally, the Commission has the discretion to request from an operator information it holds in its database, specifically relating to the service provider, the vehicle, the passenger and ride.

Additionally, an authorised personnel from the Commission may issue notices and warnings, inspect the operator's offices and records or seize any vehicles in the event of non-compliance with relevant laws and/or terms of licensing or permits.

Fines and Penalties

Pursuant to the Passenger Transportation Law, following the lapse of a 30 day notice period commencing from the date of the notice identifying the type of breach and the need to remedy the situation, the Commission's general director may impose penalties and fines on the operator in the event of the breach of the terms of the licenses, permits or agreements between the operator and the Commission.

Fines and penalties under the Passenger Transportation Law include suspending the license or permit for a period determined by the Commission's general director; cashing the guarantees in whole or in part; full revocation of the license or permit; and, may deny any person in breach of the Passenger Transportation Law from obtaining a license for a period not exceeding 3 years.

In the event an operator is in breach of the Smart Applications Regulation or Smart Application Instruction, the Commission's general director may, amongst others, do the following:

1. Provide a notice with 1 week grace period to remedy the breach;
2. Cash the value of the guarantee, in whole or in part if the breach is not remedied or is recurring;
3. Temporarily suspend the license for a period specified by the Commission's general director in the following circumstances:
 - If breach is not remedied within a week from cashing the value of the guarantee in whole or in part;
 - Failing to renew the guarantee after expiry, or cashing the entire amount or any part thereof within 15 days from the date of expiry or cashing.

Conclusion

An ever-increasing reliance by the public on such applications for their daily transportation, and a rapid growth in their consumer base have called for serious considerations on finding a swift solution in regulating the industry. Following months of national dialogue on the consequences that ride-hailing applications will have on public transportation and competition within the said industry, the Jordanian legislature introduced the relevant regulations and instructions in a bid to license operators and regulate their activities.