



DISCLOSURE AND TRANSPARENCY AS ONE OF THE PRINCIPLES OF CORPORATE GOVERNANCE

Dr.AHMED GHANIM ALSHAMSI

Faculty member, Department of Law and Criminal Investigation

Sharjah Police Sciences Academy

INTRODUCTION:

Major projects need huge funds that the individual is unable to provide, and partnership and simple partnership companies that include only a limited number of partners cannot provide them, in addition to the fact that the continuation of projects based on personal consideration depends on the lives of their organizers, and falls prey to the symptoms that occur in human structures.¹ Commercial companies, especially public shareholding companies, are an effective model for accumulating shareholder savings and dealing with the market, which makes companies in dire need of the best rules and good practices in corporate governance to achieve disclosure and transparency to different stakeholders².

The global financial crises that occurred in many countries of the world have contributed to consolidating the importance of disclosure and transparency in commercial companies, as these crises resulted from corruption, mismanagement and the inability to attract sufficient capital, and led to the exacerbation of the crises of major international companies, and caused financial losses exceeding billions of dollars, and the cost of financial and administrative corruption and mismanagement has become a burden on companies and the global economy in general, and the previous manifestations of corruption were accompanied by a lack of transparency and clarity in the final accounts. This has led investors to look for companies that have a sound corporate governance practice structure, which are used to manage and supervise the company from within and to the extent to which internal accounting standards are applied³.

In light of the growing international interest in this topic, the Securities and Commodities Authority (SCA) in the United Arab Emirates has drawn attention to the importance of benefiting from the advantages achieved by governance at the level of joint stock companies and capital markets, and this has been translated into the Authority's application of governance through the decision of the Board of Directors of the Securities and Commodities Authority No. (3/R.M) for the year 2020 on the adoption of the Governance Manual for Public Shareholding Companies ⁽⁴⁾, and there are other decisions that preceded this decision that seek to achieve a kind of control over capital markets and

1 . Ali Sayed Qassem, Business Law, Part Two (Legal Regulation of the Collective Commercial Project), Commercial Companies, 3rd Edition, Dar Al-Nahda Al-Arabiya, Cairo, 2005, p. 279.

2 . Ahmed Ali Khader, Disclosure and Transparency as a Principle of Governance in Corporate Law, Dar Al-Fikr Al-Jamia, Alexandria, 2012, p. 3.

3 . Mohamed Mostafa Soliman, Corporate Governance and Addressing Financial and Administrative Corruption, University House, Alexandria, 2006, p. 9.

4 . Mohammed Yousef Abu Shamala, Prohibition of Insiders Dealing with Undisclosed Material Information in Light of Governance Rules, Master's Thesis, College of Graduate Studies, Dubai Police Academy, 2013, p. 21.



companies, such as the decision of the Board of Directors of the Securities and Commodities Authority No. (3) of 2000 regarding the system of disclosure and transparency, in addition to what is included in the Law of the Emirates Securities and Commodities Authority and Market No. (4) of 2000 AD and Federal Decree-Law No. (32) of 2021 AD regarding commercial companies.

First - the research problem:

The problem is the failure to guarantee the rights of shareholders' investments in the event that commercial companies do not apply the principle of disclosure and transparency in particular, and the principles of governance in general, because the shareholder in this case cannot be sure that the management of the commercial company seeks to maximize the profitability and value of shares in the long term, which makes him not reassured about his investment, which may be reflected in investors' fear of commercial adventure in commercial companies.

Second : The importance of research:

The importance of the research lies in its quest to clarify the concept of the principle of disclosure and transparency and its importance in the control of commercial companies, which helps to support the legal and administrative status of those companies, and at the same time helps in reassuring investors of their investments and the profits they are expected to reap from them.

Third : Research Questions:

1. What is corporate corporate governance? What are the factors that led to its emergence? What is the importance of corporate corporate governance?
2. What are the principles and determinants of corporate corporate governance?
3. What is the principle of disclosure and transparency? What are the characteristics of the information to be disclosed?
4. What is the role of internal and external control in applying the principle of disclosure and transparency?
5. What are the limits of the application of the principle of disclosure and transparency?

Fourth: Research Objectives:

In light of the previous questions, the objectives of the research were determined as follows:

1. Introducing the governance of commercial companies, their importance and the factors that led to their emergence.
2. Clarify the principles of corporate corporate governance.
3. Statement of the determinants of corporate governance.
4. Introducing the principle of disclosure and transparency as one of the principles of corporate governance.
5. Clarify the characteristics of the information to be disclosed.
6. Explain the role of internal and external control in applying the principle of disclosure and transparency.
7. Stating the limits of the application of the principle of disclosure and transparency.

V . Research Methodology:

The descriptive analytical approach will be relied upon in presenting and analyzing the research problem based on a number of specialized Arab references.

Sixth: Research Plan:

The first requirement: Definition of corporate governance.

Subchapter I: Definition of corporate governance and its importance.

Section II: Principles and Determinants of Commercial Corporate Governance.



Second Requirement: The Principle of Disclosure and Transparency in the Governance of Commercial Companies

Subchapter I: Definition of the principle of disclosure and transparency and the characteristics of the information to be disclosed.

Section II: The role of SAs in applying the principle of disclosure and transparency and the limits of applying the principle.

The end

Bibliography and sources

First Requirement

Definition of corporate governance

Introduction and partition,

Governance has become one of the important topics that impose itself on the agenda of institutions, international organizations and governments, there is a series of events that occurred during the past two decades and are still occurring until now, which increases the interests of countries and governments to study these financial setbacks that afflict major industrialized countries and countries with high and limited economies alike, and these setbacks have led to interest in the subject of governance, interest in governance began after the collapse of Enron Worldcom, the savings crisis in the United States of America, the gap between management remuneration and the performance of companies in developed countries, as well as the current United States financial crisis that has led to economic stagnation, which demonstrates the importance of applying governance rules¹.

The application of the rules of good governance is of great importance, especially for companies listed in the financial markets, as it constitutes an important element of the company's evaluation, and a factor of reassurance for investors, which leads to gaining the confidence of dealers in the financial market, as well as professional investment managers take the extent to which commercial companies apply the rules of governance as a value that has an added price to the company's share, if not to say that it has a major role in making the decision to invest or not in a particular company, not only that, but also the rules of governance One of the criteria that credit rating companies rely on in rating a particular company or a certain economy.

In light of the above, the governance of commercial companies and its importance will be introduced, with clarification of the most important principles of corporate governance and its determinants, through the following:

Subchapter I: Definition of corporate governance and its importance.

Section II: Principles and Determinants of Commercial Corporate Governance.

Section I

Definition of corporate governance and importance

In this section, the governance of commercial companies will be defined and the factors that led to their emergence and importance will be explained in the following points:

First : Definition of Commercial Corporate Governance:

1 . Amir Farag Youssef, Corporate Governance, University Press, Alexandria, without publication date, p. 9.



After many attempts and consultations of a number of Arabic language experts, economists and legalists, the term "corporate governance" was proposed in an attempt to spread this concept in financial markets, economics and local and Arab laws, where the term governance was proposed by the Arabic Language Academy, and it was approved by a number of Arabic language specialists, including the Center for Arabic Language Studies at the American University in Cairo, and therefore "corporate governance" is synonymous with the concept of (CORPORATE GOVERNANCE)^{0.1}

There are many definitions of this term, including the following:

- The Organization for Economic Co-operation and Development (OECD) defined corporate governance as "a system that defines and distributes rights and responsibilities among the various participants in the company such as the board of directors, directors, shareholders and other stakeholders, and sets out the rules and procedures governing decision-making regarding the affairs of the company, thus providing the structure through which the company's objectives can be set, the means to achieve those objectives, and performance control".²
- It is a set of laws, rules and standards that define the relationship between the management of a company on the one hand and shareholders and stakeholders or parties associated with the company on the other³.
- Establishing the optimal system through which corporate resources are exploited, well directed and monitored in order to achieve the company's objectives and meet the standards of disclosure and transparency⁴.

In Article (1) of the Securities and Commodities Authority Board Resolution No. (3/R.M) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies, governance is defined as: (a set of controls and rules that achieve institutional discipline in relations and management in the company in accordance with international standards and methods, by defining the responsibilities and duties of the members of the Board of Directors and the senior executive management of the company and taking into account the protection of the rights of shareholders and stakeholders).⁵

In the light of the previous definitions of the concept of governance, it can be said that this concept is a broad expression that includes the rules and market practices that determine how companies, especially joint stock companies, make their decisions, the transparency that governs their decision-making process, the extent to which the directors, presidents and employees of such companies are accountable, the information they disclose to investors and the protection they provide to them⁶.

Second : Factors for the emergence of corporate corporate governance:

1 . Ahmed Ali Khader, Corporate Governance, Dar Al-Fikr Al-Jamia, Alexandria, 2012, p. 86; Mohamed Mustafa Suleiman, previous reference, p. 16.

2. OECD Principles on Corporate Governance, Center for International Private Enterprise, 2004, <http://www.cipe-arabia.org> , last accessed on April 10, 2023.

3 . Muhammad Mustafa Suleiman, previous reference, p. 15.

4 . Mohamed Ibrahim Moussa, Corporate Governance Listed in the Stock Market, New University House, 2010, p. 52.

5 . The same definition was later mentioned in Article (1) of Federal Decree–Law No. (32) of 2021 on Commercial Companies.

6 . Muhammad Mustafa Suleiman, previous reference, p. 16.



The course of the events of the financial crises that occurred during the past decades helped in the emergence of many gaps, created many contradictory situations, and increased the fears of parties directly and indirectly related to commercial companies, which led to the emergence of the need for truthfulness of data and information and to simplify and clarify them in the presentation of facts.¹

1. Imposing transparency and disclosure standards on all companies and commercial establishments that announce their accounts and budgets to the public, and the due and proper application of:

- Laws and regulations that establish and define the characteristics and specifications of financial statements, budgets and reports that include full disclosure of all facts.
- Reducing fraud, deception and fraud methods, addressing conflicts of interest and providing adequate data, especially on off-budget activities.
- Simplicity and full clarification by providing all data and information in an easy, simplified, detailed and clear form.

2. Apply good criteria for the selection of board members, as well as the composition of the board, leading to full transparency.

3. Achieving market credibility in a way that helps increase confidence in governed commercial companies, maintains the stability and integrity of transactions, as well as addresses their shortcomings.

Third: The importance of corporate governance:

The importance of corporate governance is as follows:

1. Reduce the risks related to financial and administrative corruption faced by companies and states.
2. Raising the performance levels of companies and the consequent advancement of development and economic progress of the countries to which these companies belong.
3. Attracting foreign investments and encouraging local capital to invest in national projects.
4. Increase the ability of national commercial companies to compete globally and open new markets for them.
5. Transparency, accuracy and clarity in the financial statements issued by companies and the consequent increase of investors' confidence in them and their reliance on them in decision-making.
6. Increase employment opportunities for members of society².

Based on what is stated in this requirement, it can be said that the governance of commercial companies was mainly established to control the relationship of mutual interest between the commercial company and the shareholders, in a way that ensures the achievement and protection of the interest of both parties, by following a number of transparent and disclosed procedures known to both parties, which are developed based on specific principles that will be addressed in the next section.

Section II

Principles and Determinants of Commercial Corporate Governance

First : Principles of Commercial Corporate Governance:

In 2004, the Organization for Economic Cooperation and Development (OECD) issued a number of key principles that must be taken into account when applying corporate governance, serving as references for use and guidance, which are not binding and do not aim to provide detailed guidance

1 Mohsen Ahmed Al-Khudairi, Corporate Governance, Arab Nile Group, Cairo, 2005, p. 52.

2 . Muhammad Mustafa Suleiman, previous reference, p. 28.



for the laws and legislation of different countries, but rather leave matters to each country to choose from according to its own economic and social conditions¹, the most important of which are:

1. **Ensuring that there is a basis for an effective corporate governance framework:** To ensure the effectiveness of corporate governance rules, certain requirements must be met, all of which are in the interest of investors, and the most important of these requirements are: (Providing transparency and honest disclosure under which information reaches all customers quickly enough. - That there is integrity, resources and sufficient authority for those who will be responsible for setting the rules governing governance. The roles should be specific and clear for the executive management, the Board of Directors, its committees and the General Assembly², these requirements must be binding through the issuance of legislation and rules governing the organization of companies and the capital market, as laws are the main safety valve guaranteeing good corporate governance³.
2. **Preserving the rights of all shareholders:** It means that the framework of governance practices ensures the protection of shareholders' rights, and that they are not exposed to any risk that threatens their safety, or the occurrence of anything that would affect the value of the company's assets and assets or add a serious burden and obligation without being shown in the financial statements, or warned by the auditors' reports.⁴
3. **Equal treatment of all shareholders:** According to the third principle, the corporate governance framework should ensure equal treatment for all shareholders, including minority shareholders and foreign shareholders, and all shareholders should have the opportunity to obtain effective compensation for the violation of their rights⁵.
4. **Role of stakeholders in the way in which management powers are exercised by the company:** This principle includes respect for the rights of stakeholders established by law or as a result of mutual agreements, that stakeholders have the opportunity to obtain effective compensation for the violation of their rights, that mechanisms to enhance performance are put in place and that stakeholders are allowed to obtain relevant and adequate information on which to rely in a timely manner⁶.
5. **Disclosure and transparency:** This principle is one of the most important principles of governance, as the corporate governance framework must ensure accurate and timely disclosure of all matters related to the incorporation of the company, including financial position, performance, ownership and the manner in which authority is exercised, and this principle will be addressed in some detail in the second requirement⁷.

1 Mohsen Ahmad Al-Khudairi, previous reference, p. 128; Muhammad Yusuf Abu Shamala, previous reference, p. 76.

2 . Mounir Ibrahim Hindi, Modern Thought in Financial Analysis and Performance Evaluation, "Introduction to Corporate Governance", Dar Al-Maarifa Al-Jamia, Alexandria, 1st Edition, 2009, p. 20.

3 Ahmed Ali Khader, Corporate Governance, previous reference, p. 139.

4 Mohsen Ahmad Al-Khudairi, previous reference, p. 131.

5 Muhammad Mustafa Suleiman, previous reference, p. 49.

6 Ahmed Ali Khader, Corporate Governance, previous reference, p. 123.

7 . Tarek Abdel Aal Hammad, Corporate Governance, University House, Alexandria, 2007, p. 45.



6. **Responsibilities of the Board of Directors:** These include the structure and legal duties of the Board of Directors, the manner in which its members are selected and its basic functions, and its role in supervising the executive management^{1, 2}

It is worth mentioning that the six principles mentioned above are the basis on which most national legislations were based in the application of corporate governance in their countries, including the United Arab Emirates, due to the preservation and protection of shareholders' rights, and the obligations imposed on the boards of directors of companies within the framework of the principle of transparency and disclosure.

Second: Determinants of Commercial Corporate Governance:

The determinants of corporate governance mean the set of basic factors and conditions that affect and are affected by the proper application of governance, in order for governance to bear fruit as desired, there must be a sound basis capable of understanding and interacting with governance conventions and rules. These determinants, in turn, are divided into internal determinants and external determinants as follows:

1. **Internal determinants** It is a set of rules and foundations that determine how decisions are made, and the distribution of powers between the General Assembly, the Board of Directors and the executive directors, to ensure that each role is optimally performed, in addition to preserving the rights of shareholders and stakeholders in a way that reduces conflict and preserves the interest of all parties, and the internal determinants consist of the company's articles of association and its internal regulations.

2. **External determinants** It is the environment in which companies operate, or the general climate for investment in the country, and the related availability of a set of necessary elements at all legal, economic and social levels. For example, the legal, supervisory and institutional structure, both governmental and non-governmental, in the State³.

Second Requirement

The principle of disclosure and transparency in the governance of commercial companies

Introduction and partition,

The principle of disclosure and transparency is one of the most important principles of corporate governance that have already been clarified in the first requirement, this principle is the cornerstone of the elements of the success of this system, because of the role played by commitment to this principle in providing the information needed by shareholders, investors and external bodies, on the basis of which these people make their decisions, what this principle provides of information to all parties constitutes a large part in making decisions related to joining the company or buying its shares, so interest in this principle has increased, whether at the national or international level, because of its effective role in the success of financial markets and in the renaissance of companies, or on the contrary the collapse of the former and the bankruptcy of the latter ⁽⁴⁾.

In this requirement, the principle of disclosure and transparency and knowledge of the characteristics of the information to be disclosed, in addition to the role of SAs in applying the principle of disclosure and transparency and the limits of its application, will be defined in the following two sections:

1 Munir Ibrahim Hindi, previous reference, p. 24.

2 . Ali Sayyid Qasim, op. cit., p. 460.

3 Muhammad Yusuf Abu Shamala, previous reference, p. 37.

4 Muhammad Ibrahim Musa, previous reference, p. 52.



Subchapter I: Definition of the principle of disclosure and transparency and the characteristics of the information to be disclosed.

Section II: The role of SAIs in applying the principle of disclosure and transparency and the limits of its application.

Section I

Definition of the principle of disclosure and transparency and the characteristics of the information to be disclosed

During this section, disclosure and transparency will be defined, with clarification of the characteristics of the information to be disclosed, through the following points:

First : Definition of the principle of disclosure and transparency:

From the point of view of some researchers, disclosure means that "companies undertake to provide information and data related to their activities and deliver them periodically, as well as in exceptional cases, to regulatory authorities such as the stock exchange and the Capital Market Authority, and also to carry them to the attention of shareholders and to the general public for the benefit of even potential investors." ¹

Researchers defined disclosure as "a company's communication with the outside world by various means of disclosing important information to investors, shareholders, the capital market and other stakeholders in a manner that allows predicting the company's ability to profit and pay its obligations". ²

The fifth principle of the Organization for Economic Co-operation and Development (OECD) 2004 provides for disclosure and transparency: "The corporate governance framework should ensure the proper and timely disclosure of all important issues related to the company, including financial position, performance, equity and corporate governance." ³

The legislator in the United Arab Emirates stipulates the principle of disclosure in various places, for example, the articles contained in Chapter Five of Federal Law No. (4) of 2000 regarding the Emirates Securities and Commodities Authority and Market, and the decision of the Board of Directors of the Securities and Commodities Authority No. (3) of 2000 regarding the system of disclosure and transparency, as well as what is stated in Chapter Eight of the Decision of the Chairman of the Board of Directors of the Securities and Commodities Authority No. (3/Chairman) of 2020 Concerning the Adoption of the Governance Manual for Public Shareholding Companies.

The legislator previously dealt with all organizational and procedural aspects of the company with a comprehensive presentation of the results achieved in the form of a disclosure through which shareholders are informed of the current status of the company and future profit expectations, provided that this is at an appropriate time for shareholders to allow them to take appropriate decisions regarding their investments in the commercial company.

1 . Mohamed Tanweer Al-Rafi'i, The Role of the Capital Market Authority in Protecting the Minority Shareholders in Joint Stock Companies, PhD Thesis in Law, Cairo University, Cairo, 2006, p. 497.

2 . Ahmed Ali Khader, Disclosure and Transparency as one of the principles of governance in corporate law, previous reference, p. 52.

3 Muhammad Yusuf Abu Shamala, previous reference, p. 82.



Transparency is a translation of the company's disclosure process of the data and information contained in its annual report, where transparency means "the commercial company with a public subscription to provide information and data related to its activity and put it at the disposal of shareholders and shareholders, and provide the opportunity for those who want them to see it and not withhold information, except for those that would harm the interests of the company, so it is permissible to keep it confidential, such as industry secrets, relations with suppliers, etc." ¹

In another definition, "the company provides genuine financial and non-financial data on the financial position of the company as well as other operations of the company so that the current and future activity of the company can be predicted, taking into account the company's right to withhold data that would be detrimental to the company's operations".²

Second : Characteristics of the information to be disclosed:

There are some characteristics that must be available in the information to be published, and these characteristics are summarized as follows:

1. The information given to the public must be true, accurate and truthful, as the publication of untrue, inaccurate or misleading information is considered a violation of the principle of providing information to the public, and is considered a violation of the principle of informing the public if it is published for a specific purpose.
2. Information relating to an important event should also be published if it would, if known, have a tangible impact on the price of a security.
3. The time of publication of this information must also be timely, as it includes elements of assessing the importance of the information at the time of publication as well as its content.
4. That information does not conflict with confidentiality affecting competition.
5. The disclosure was made to all using various means³.

Section II

The role of SAs in applying the principle of disclosure and transparency and the limits of applying the principle

In order for the principle of disclosure and transparency to be properly applied, there must be bodies that exercise control and supervision of the application of this principle appropriately in addition to the legislation issued to regulate the securities markets, in order to stabilize these markets and perform the functions for which they were established, and this control can be divided into internal control, represented in the control of the general assembly of shareholders and the role of the auditor in the company, and to external control by the competent ministry and the general securities authorities, and there are limits to the application of This principle, which can be briefly illustrated in the following points:

First : The Role of Internal Control in Applying the Principle of Disclosure and Transparency:

1. **Direct control of the general assembly of shareholders** In accordance with the democratic principles governing the organization of joint stock companies, the shareholders in their general assemblies represent the supreme authority in the company, which dominates it and takes decisions that go beyond the day-to-day management work, appoints the members of the board of directors, selects the auditors, terminates their services, and can amend the articles of association of the

1 Muhammad Tanweer Al-Rafi'i, previous reference, p. 497.

2 . Ahmed Ali Khader, Disclosure and transparency as one of the principles of governance in corporate law, previous reference, p. 53.

3. Ibid., p. 54; Muhammad Tanweer al-Rafi'i, op. cit., p. 501.



company's constitution.¹Thus, shareholders shall have the right to control the company's board of directors, directors and employees in all matters related to the proper performance of their duties entrusted to them in the implementation of the company's business and their commitment to the principle of full disclosure of information related to the company's activities and future plans², during the general assembly and to enable them to access the company's documents, so that the shareholders can determine the real situation of the company from the reality of those documents.³In addition to the right of control established for shareholders during the General Assembly, they also have permanent personal control, as any of the shareholders of the company has the right at any time during the year to view the company's books and documents, control the actions of the members of the board of directors, in addition to filing a liability action against them⁴.

2. Control exercised by the auditor In order to enable the General Assembly to control the work and activities of the Company's Board of Directors, the legislator required the appointment of an entity selected by the total shareholders of the company to review and audit its accounts, financial reports and other financial items, and that body is the auditor in his capacity as an impartial and independent body in carrying out its tasks entrusted to it by the General Assembly.⁵When the company's management violates the provisions of the law, or violates the company's articles of association, or when he notices manipulation in its accounts, or discovers that its balance sheet does not reflect the company's real financial position, and that the profit and loss accounts do not give a picture of the reality of the company's profits or losses at the end of the fiscal year or show him that it is making fictitious distributions, the auditor must disclose these findings in his report. To the General Assembly of Shareholders⁶.

1 . Ali Sayyid Qasim, op. cit., p. 398.

2 . Gamal Abdel Aziz Al-Othman, *Disclosure and Transparency in Information Related to Securities Traded in the Stock Exchange (A Comparative Legal Study)*, Dar Al-Nahda Al-Arabiya, Cairo, 2010, p. 246.

3 See the articles contained in Chapter Three of Federal Decree Law No. (32) of 2021 regarding commercial companies of the United Arab Emirates , and the articles contained in Chapter Five of the Chairman of the Board of Directors of the Securities and Commodities Authority Resolution No. (3/R.M) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies.

4 . Gamal Abdul Aziz Al-Othman, previous reference, p. 248; With regard to the responsibility of the Board of Directors, what is mentioned, for example, in Articles (164 to 168) of Federal Decree Law No. (32) of 2021 regarding commercial companies of the United Arab Emirates.

5 . Jamal Abdul Aziz Al-Othman, previous reference, p. 249.

6 . Ali Sayed Qassem, Auditor, "A Comparative Legal Study of the Role of the Auditor in a Joint Stock Company", Dar Al-Fikr Al-Arabi, Cairo, 1991, p. 259; Federal Decree–Law No. (32) of 2021 on Commercial Companies of the United Arab Emirates dealt with the role of auditors of a public shareholding company in Chapter VII thereof, as the law obliges him to preserve the company's secrets during the performance of his job; The decision of the Chairman of the Board of Directors of the Securities and Commodities Authority No.



3. Second : The Role of External Oversight in Applying the Principle of Disclosure and Transparency:

1. **Supervision of the competent ministry** The ministry, which is entrusted with the task of supervising the activities related to securities trading, exercises the role in monitoring the application of legislation regulating capital markets in general, and the proper application of the principle of disclosure and transparency in particular, and in the United Arab Emirates, this type of control is applied to the licensed capital markets in the country through a "board of directors" formed by a decision of the Council of Ministers, and the decision determines in addition the chairman of the board of directors, the remuneration of its members, the mechanism for holding its meetings and taking its decisions¹.

2. **Supervision of General Securities Authorities and Financial Markets Departments** The Securities and Commodities Authority (SCA) plays a supervisory role over the business and activities of licensed capital markets in the country, and the role of the Authority is divided into two parts: The first is a regulatory role for the activities of the securities markets and supervising them and the associated entities from issuers, brokerage companies and investors, and obliging any person related to securities activities, whether a natural or legal person, to disclose publicly or privately and to provide any data related to his activity The financial markets are obliged to follow up on the companies listed therein in terms of disclosure, material information and financial statements, their publication, the timing of such publication, verifying their clarity and disclosure of the facts they express ².

Third : Limits of the application of the principle of disclosure and transparency:

The legislator guaranteed shareholders in particular, and every interested party approved by law in general, the right to access information and data related to securities issuers, in accordance with the procedures set by the laws regulating the securities markets, but this right to access is not at all, but may sometimes clash with another right, which is the right of the entities holding that information to keep their confidential data related to their activities and business, which may affect their interests, and the announcement of them or access to such information may lead to The public, including shareholders, has accepted to cause harm to them, so the limits of the application of the

(3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies in Articles (60 to 63) touched on the Audit Committee formed by the Board of Directors.

1. Gamal Abdul Aziz Al-Othman, previous reference, p. 251; Article (6) of Federal Law No. (4) of 2000 Concerning the Emirates Securities and Commodities Authority and Market, as amended by Federal Decree–Law No. (15) of 2019 Amending Certain Provisions of Federal Law No. (4) of 2000 Concerning the Emirates Securities and Commodities Authority and Market.

2. Jamal Abdul Aziz Al-Othman, op. cit., p. 258; Articles (3), (4) and (33) of Federal Law No. (4) of 2000 Concerning the Emirates Securities and Commodities Authority and Market ; Articles (8), (16), (17), (18) and (19) of the Securities and Commodities Authority Board Resolution No. (3) of 2000 regarding the Disclosure and Transparency System.



principle of disclosure and transparency may stand when it comes to the confidentiality that issuers confer on certain information about them, their data and their activities¹.

The legislator in the United Arab Emirates has authorized the entity or the company not to issue a press announcement regarding certain data or topics that are still in the negotiation stage if its senior management has reasonable grounds to believe that the disclosure of such data would cause serious harm to its interests and that no dealing in its shares has been and will not be done by its board members, executive directors and their first-degree relatives based on information that has not been made public to the public, provided that the company provides the market manager with such information and data, with the identification of the insiders who have such information and its claim as confidential until the reasons that called for it cease to exist, and the market manager, in coordination with the Authority, may respond to that claim or oblige the company to disclose the data and information if the market and the Authority believe that the disclosure of such data will not affect the interests of the company or if he feels that there is a leak for related information and data that the company considered confidential².

Research Conclusion

This research dealt briefly with the principle of disclosure and transparency as one of the most important principles of corporate governance, where we shed light on the concept of corporate governance and the principles and determinants of this concept and its importance, through what was stated in the first requirement.

As for the second requirement, the principle of disclosure and transparency was defined, and the characteristics of the information to be disclosed and the role of internal and external control in the application of this principle were defined.

It became clear from what was stated in this research that the principle of disclosure and transparency is the most important principles of governance, and it is the basis on which the effective frameworks for corporate governance are based, because it includes justice and equality between all parties to the relationship in the financial operations carried out by the company, in terms of access to the current situation and future expectations of the company, which helps the shareholder and the board of directors alike in making decisions that suit their conditions, and which ultimately ensures the disappearance of the phenomenon of manipulation in the financial markets, which led to the collapse of many institutions and to heavy losses suffered by shareholders in the past.

BIBLIOGRAPHY AND SOURCES

First : Arabic References:

1. d. Ahmed Ali Khader, Disclosure and Transparency as a Principle of Governance in Corporate Law, Dar Al-Fikr Al-Jamia, Alexandria, 2012.
2. Dr. Ahmed Ali Khader, Corporate Governance, Dar Al-Fikr Al-Jamia, Alexandria, 2012.
3. d. Amir Farag Youssef, Corporate Governance, University Press, Alexandria, n.d.
4. Dr. Bilal Abdel Muttalib Badawi, Commitment and Disclosure of Information in the Stock Market, Dar Al-Nahda Al-Arabiya, Cairo, 2006.
5. Gamal Abdel Aziz Al-Othman, Disclosure and Transparency in Information Related to Securities Traded in the Stock Exchange (A Comparative Legal Study), Dar Al-Nahda Al-Arabiya, Cairo, 2010.

1 . Jamal Abdul Aziz Al-Othman, previous reference, p. 194.

2 . Article (35) of the Board of Directors of the Securities and Commodities Authority Resolution No. (3) of 2000 Concerning the Disclosure and Transparency Regulations.



6. d. Tarek Abdel Aal Hammad, Corporate Governance, University House, Alexandria, 2007.
7. Prof. Dr. Ali Sayed Qassem, Business Law, Part Two (Legal Regulation of the Collective Commercial Project), Commercial Companies, 3rd Edition, Dar Al-Nahda Al-Arabiya, Cairo, 2005.
8. Prof. Dr. Ali Sayed Qassem, Auditor, "A Comparative Legal Study of the Role of the Auditor in a Joint Stock Company", Dar Al-Fikr Al-Arabi, Cairo, 1991.
9. d. Mohsen Ahmed Al-Khudairi, Corporate Governance, Arab Nile Group, Cairo, 2005.
10. d. Mohamed Ibrahim Moussa, Corporate Governance Listed in the Stock Market, New University House, 2010.
11. d. Mohamed Mostafa Soliman, Corporate Governance and Addressing Financial and Administrative Corruption, University House, Alexandria, 2006.
12. d. Mounir Ibrahim Hindi, Modern Thought in Financial Analysis and Performance Evaluation "Introduction to Corporate Governance", Dar Al-Maarifa Al-Jamia, Alexandria, 2009.

Second : Scientific Theses:

1. Mohamed Tanweer Al-Rafi'i, The Role of the Capital Market Authority in Protecting Minority Shareholders in Joint Stock Companies, PhD Thesis in Law, Cairo University, Cairo, 2006.
2. Mohammed Yousef Abu Shamala, Prohibition of Insiders Dealing with Undisclosed Material Information in Light of Governance Rules, Master's Thesis, College of Graduate Studies, Dubai Police Academy, 2013.

Legislation:

1. United Arab Emirates, Federal Law No. (8) of 1989 Concerning Commercial Companies of the United Arab Emirates.
2. United Arab Emirates, Federal Law No. (4) of 2000 Concerning the Emirates Securities and Commodities Authority and Market.
3. United Arab Emirates, Ministerial Resolution No. (518) of 2009 on governance controls and standards of institutional discipline.
4. United Arab Emirates, Securities and Commodities Authority Board Resolution No. (3) of 2000 Concerning the Disclosure and Transparency Regulations.
5. United Arab Emirates, Decision of the Chairman of the Board of Directors of the Authority No. (113/R) of 2006 Concerning the Regulatory Controls and Procedures for the Application of the Text of Article (168) of the Commercial Companies Law as amended by Federal Law No. (18) of 2006 regarding the purchase of the company's shares.